



STRONGLY ROOTED

CORPORATE REPORT 2014



TÜV RHEINLAND AG GROUP FIGURES

in € millions	2010	2011	2012	2013	2014
Revenues					
Industrial Services	377	453	488	494	532
Mobility	311	336	366	397	433
Products	350	372	396	391	404
Life Care	55	51	55	58	63
Training and Consulting	160	160	194	221	256
Systems	123	127	118	124	136
Figures, consolidated (according to IFRS)					
Total Revenues	1,303	1,417	1,531	1,601	1,731
Germany	713	734	756	826	888
Abroad	590	683	775	775	843
Earnings before interest and taxes (EBIT) (in € millions)	112.1	124.0	113.2	117.1	110.2
Profit margin (in %)	8.6	8.8	7.4	7.3	6.4
Net capital expenditure (in € millions)	78.9	87.7	83.2	75.7	150.0
Cash flow (in € millions)	100.1	112.3	108.0	107.1	119.4
Equity capital (in € millions)	288.6	325.3	291.8	312.0	295.2
Equity ratio (in %)	22.2	24.1	20.1	21.3	16.8
Staff (annual average)	14,412	15,961	17,218	17,947	19,320
Germany	6,766	6,774	7,035	7,328	7,774
Abroad	7,646	9,187	10,183	10,619	11,546

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.

For an optimal, future-oriented development of the Group, TÜV Rheinland Berlin Brandenburg Pfalz e.V. has increasingly concentrated on its role as sole shareholder of TÜV Rheinland AG. For this reason, nearly all of TÜV Rheinland Group's operations are united under the umbrella of TÜV Rheinland AG.

INDUSTRIAL SERVICES

- ▲ Pressure Equipment & Plant Technology
- ▲ Elevator, Conveyor & Machine Technology
- ▲ Electrical Engineering & Building Technology
- ▲ Industrial Inspection
- ▲ Infrastructure & Civil Engineering
- ▲ Energy & Environment
- ▲ Project Management
- ▲ Materials Testing & NDT

MOBILITY

- ▲ Periodical Technical Inspection
- ▲ Driver's License
- ▲ Car Services & Appraisal
- ▲ Engineering & Type Approval
- ▲ Rail
- ▲ Intelligent Transport Systems

PRODUCTS

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

ACADEMY & LIFE CARE

- ▲ HR Development & Consulting Services
- ▲ Professional Training
- ▲ Corporate Health Management, Occupational Health & Safety
- ▲ Personnel Certification
- ▲ Public Funded Training & Schools

ICT & BUSINESS SOLUTIONS

- ▲ IT Services & Cyber Security
- ▲ Telco Solutions, Business & Engineering Services
- ▲ Management Consulting
- ▲ R&D Management

SYSTEMS

- ▲ Certification of Management Systems
- ▲ Customized Services



5 Foreword by the Chairman of the Executive Board
6 Foreword by the Chairman of the Supervisory Board of TÜV Rheinland AG

8 Where Sparks Fly
18 The Cyber Pirate
28 Powered up
38 Putting the Pedal to the Metal

48 CSR Report
160 Verification Statement
162 About this Report
163 GRI Index

83 Detailed Index
84 Group Management Report
116 Consolidated Financial Statements
122 Notes to the Consolidated Financial Statements
158 Corporate Bodies
159 Audit Opinion

170 Corporate Structure
Editorial Information

8



18



28



8 Where Sparks Fly

At the training center of the TÜV Rheinland Academy in Leipzig, Germany, Mathias Raasch and his team also perform an important social function.

38

18 The Cyber Pirate

With competence, creativity and tenacity, Daniel Hamburg and his crew of hackers are helping to make cyber space a safer place.

28 Powered up

At the world's most efficient lignite-fired power plant, a team led by Jörg Hendricks ensures smooth operation with a watchful eye and state-of-the-art technology.

38 Putting the Pedal to the Metal

At the motor vehicle inspection center in the Mülheim district of Cologne, Germany, Carola Buchwald makes a strong impression with plenty of professional expertise – and a weakness for wheels with a story to tell.

Rooted in Germany – at home the

What all started back in 1872 as the »Association for the Monitoring of Steam Boilers in the districts of Elberfeld and Barmen« has since developed into a global success story.

TÜV Rheinland is represented at more than **500** locations in **69 COUNTRIES** on every continent.

A full **19,300 PEOPLE** around the globe work for TÜV Rheinland.

11,600 of them work outside Germany, including **3,300** in South America and more than **5,000** in Asia.

16,581 KM separate the headquarters in Cologne, Germany from the most distant location: Tomago, New South Wales, Australia.

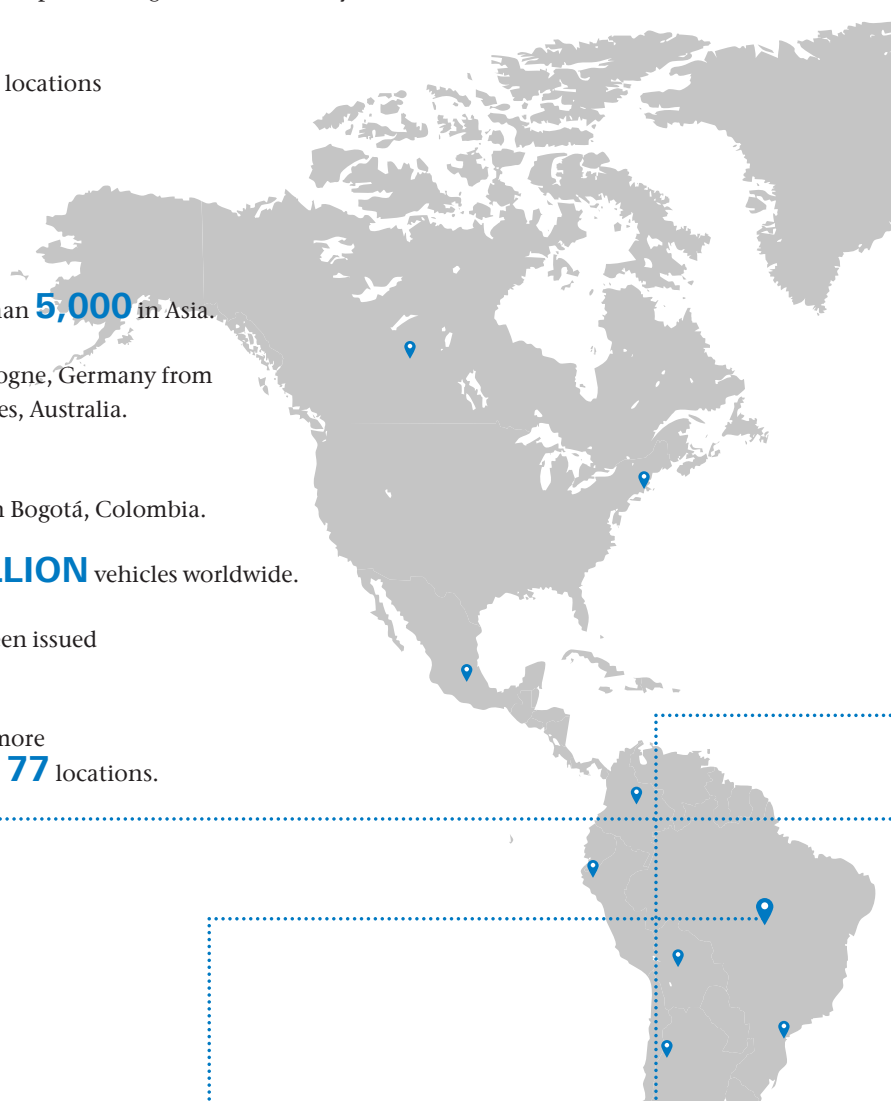
2,625 METERS

The subsidiary located at the highest elevation is in Bogotá, Colombia.

Each year, the qualified experts inspect **8.5 MILLION** vehicles worldwide.

Some **50,000 CERTIFICATES** have been issued for management systems so far.

The worldwide network of laboratories comprises more than **200 FACILITIES** distributed among **77** locations.



2010

SINGAPORE
Boundless

In a world with fewer and fewer limitations, we also want to be without limits as a company – regarding expertise, teamwork and innovative strength.



2011

BRAZIL
Pathbreaking

In globalized markets, we create orientation and trust as a neutral authority. We find solutions, take responsibility, and demonstrate sustainability.



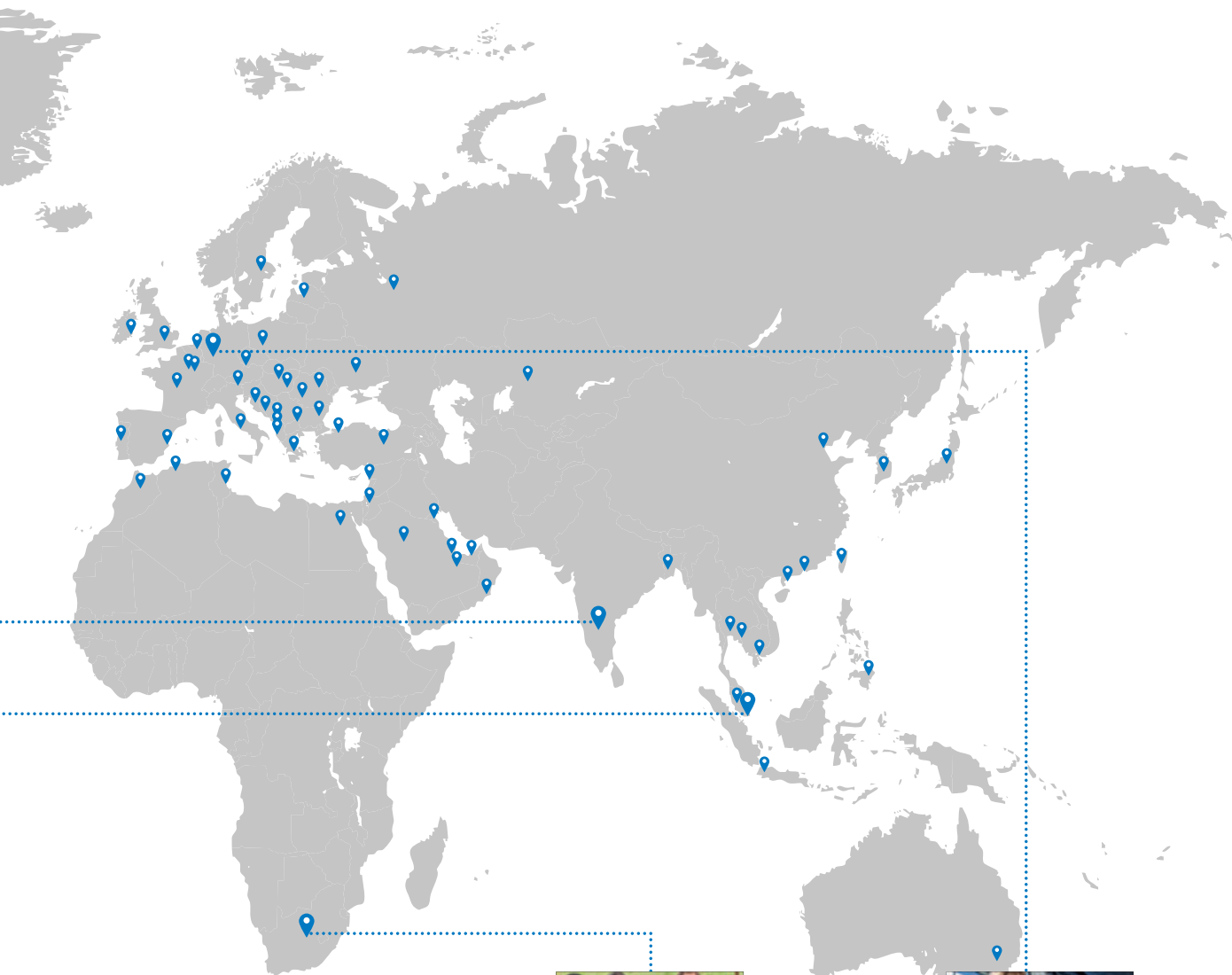
2012

INDIA
Closer

Success is a question of proximity. We are closer – because we're there when we're needed. Because we roll up our sleeves and help. And because we can be trusted at all times.

world over

 We have locations in the following countries



2013

SOUTH AFRICA

Powerful

Major challenges demand more than mere patchwork solutions. We vigorously pursue the vision of becoming the best sustainable and independent provider of testing, inspection, and certification services in the world.



2014

GERMANY

Strongly Rooted

Growth takes strong roots. We are sending out new roots on a stable base – in highly promising markets and seminal areas of activity.



A group photograph of five men, the Executive Board of TÜV Rheinland AG, standing in front of a modern building with a stone wall and a glass roof. The men are dressed in dark suits and ties. From left to right: Ulrich Fietz (arms crossed), Ralf Scheller, Dr.-Ing. Michael Fubi (Chairman, hands in pockets), Stephan Schmitt, and Thomas Biedermann. The ground is paved with large stone tiles, and a set of red-carpeted stairs is visible on the left.

EXECUTIVE BOARD

OF TÜV RHEINLAND AG

Ulrich Fietz

Ralf Scheller

Dr.-Ing. Michael Fubi
Chairman

Stephan Schmitt

Thomas Biedermann

Dear Readers,

»Strongly rooted« – this is the motto under which we have prepared this year's Corporate Report. That might surprise some of you. After all, we are the most international TÜV and now employ well over half of our workforce outside of Germany. Accordingly, our Corporate Reports in past years also offered you a wide range of insights into our international business operations.

Now we want to close out that series with impressive reports from our home market, in order to show you what the foundation of our successful growth worldwide was and remains: the high competence of our experts, the collaborative search for solutions together with our customers, and the social significance of our work. We are convinced that an important key to our success lies precisely in the interaction of home market and international vision. We've been building up our brand in Germany for many decades – today, our colleagues throughout the world live the values that embody that brand: competence, integrity and independence.

And with those values, we succeeded in moving our company forward again over the course of the past business year. We managed to raise sales significantly once again to more than 1.73 billion euros, thereby retaining our seventh-place position among the world's biggest testing and inspection companies. At the same time, TÜV Rheinland created many new jobs in 2014: At the end of 2014, a full 19,300 employees worked for us, nearly 1,400 more than at the end of the previous year.

With key acquisitions in 2014, we made strategic investments in our future. Having taken over OpenSky Corporation in the USA, we are now one of the world's leading independent providers in a market with an exceedingly bright future: information security. With the British firm Risktec Solutions, we now have a company whose core businesses are risk and security analyses along with technical training courses on possible risk scenarios. A third major take-over was the company NIFE, a major provider of professional education services in the rapidly growing Indian market, where there is an urgent need for qualified workers.

Although we achieved significant progress in our worldwide strategic positioning in 2014, it is also clear that, in a highly competitive environment, we did not quite reach the profitability goals that we had set for ourselves. We intend to work harder on this in the future. Because we know that we cannot continuously fulfill our social mission unless our work also creates value continuously in all areas. After all, we want to play a role in shaping a sustainable future that satisfies both mankind's and the environment's needs. That's why we continue to express our solid commitment to sustainable action and to the principles of the UN Global Compact.

On behalf of the entire Executive Board, I would like to sincerely thank all of our employees. With their technical expertise, their knowledge of the markets, and their unbridled enthusiasm, they are the key to success in the fiercely competitive international marketplace.

Yours
Michael Führi

Dr.-Ing. Michael Führi

Chairman of the Executive Board of TÜV Rheinland AG



FOREWORD

BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF TÜV RHEINLAND AG

Dear Readers,

Despite challenging competition in many markets and subdued economic development in key areas such as the energy sector, 2014 was a successful business year for the TÜV Rheinland AG Group. The Group exhibited robust growth once again: Revenue was nearly ten percent higher, while EBIT was somewhat weaker and is holding steady at a satisfactory level.



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

Fully 19,300 employees are working in almost 70 countries to bring people, technology and the environment into harmony with one another for a safe future that's worth living in. Competent engineers from TÜV Rheinland are rising to the challenges of our time all around the world. They offer solutions for current societal and economic developments, devoting their expertise to promoting acceptance of technical innovations and supporting their clients successfully on the road to new markets.

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. At these meetings, all of the measures requiring the consent of the Supervisory Board were discussed in detail. The Supervisory Board of TÜV Rheinland AG was continuously and comprehensively kept apprised of planning, economic



development, financial position and continued implementation of the TÜV Rheinland AG Group's strategic considerations. The work performed by the Board's committees played a key role in this regard.

Following the departure of the outgoing CEO effective March 31, 2014, the Supervisory Board appointed Executive Board member Ulrich Fietz to lead the TÜV Rheinland AG Group as Spokesman of the Executive Board, effective April 1, 2014. Bodo F. Holz resigned from the Supervisory Board effective March 27, 2014. The Shareholder's Meeting appointed Prof. Dr.-Ing. Johann-Dietrich Wörner, Chairman of the Executive Board, German Aerospace Center (DLR), to succeed him. Dr. Wolfgang Uellenberg-van Dawen resigned from the Supervisory Board effective November 30, 2014. Birgit Ladwig of ver.di has been appointed to succeed him. At its meeting of September 23, 2014, the Supervisory Board appointed Dr.-Ing. Michael Fübi to serve as Chief Executive Officer of the Executive Board, effective January 1, 2015.

The auditing firm PricewaterhouseCoopers audited the annual financial statements dated December 31, 2014, including the management report and accounting, prepared by the Executive Board of TÜV Rheinland AG. The audit of the annual financial statements, the management report, and the proposed appropriation of profits produced no objections. The Supervisory Board has adopted the annual financial statements.

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 TÜV Rheinland AG and all of the Group's companies continued success in overcoming future challenges for the good of society and the company.

Yours V. Mann

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

A close-up photograph of a welder working on a metal structure. The welder is wearing a protective mask and is positioned on the right side of the frame. Bright sparks are flying from the welding point, creating a dynamic and energetic scene. The background is a blue, perforated metal wall. The title "Where Sparks Fly" is written in a large, white, serif font across the top of the image.

Where Sparks Fly

If the gas tank doesn't leak, the pipeline is long, the offshore platform is seaworthy, and the high-bay storage racks can carry the load, then it's thanks in no small measure to them: Welders are highly qualified specialists who are in great demand on the German labor market. The training of welders is just one of more than 12,000 seminars, training courses and conferences covering 72 subject areas in which TÜV Rheinland provides specifically tailored programs and offerings in professional training, continuing business education, the qualification of job-seekers, and personnel management.



A dream? Frank Wolfrum has to think about it for a minute first. Dream... Well, helping to build a ship, that's something he'd like to do. But what really matters to him at the moment is the chromium-nickel certificate.

Wolfrum is certainly no dreamer. He is a man with a lot to say, however. As a railway construction technician, he saw his original profession die out. After that, he worked as a roofer and a truck driver. In 2007, through a retraining program, he finally took up welding – a profession with long-term prospects. But in September of 2014, even those highly sought-after qualifications failed to protect him against the decidedly short-term thinking that prevails in the temporary employment sector. There would have been a follow-up contract, but the potential employer demanded a specialist with a chromium-nickel certificate. Wolfrum didn't have one. Two unemployed weeks later, the time account that he had accumulated to cover just such idle phases was all used up, so things went the way they usually do in that industry.



Welding and singing cannot be forced

For the past few weeks now, he has been working toward his chromium-nickel certification in the training center of the TÜV Rheinland Academy in Leipzig, Germany. As is the case for most of the participants, his costs are covered by the German Federal Employment Agency. In view of the near 100% placement rate for well-qualified welders to high quality positions, this is a good investment. It's Wolfrum's first contact with TÜV Rheinland. He was pleasantly surprised



NEW PROSPECTS IN SIGHT

A few years after his retraining to become a welder, Frank Wolfrum is now acquiring additional qualifications at the TÜV Rheinland training center in Leipzig, Germany. The chromium-nickel certificate will open up new prospects for him on the labor market.





TRAINERS WITH HEART AND UNDERSTANDING

As training manager in the Leipzig training center, Olaf Vana (right) applies his background and experience from more than 30 years of service. Since its opening in 2012, he has been coaching his protégés with commitment and technical competence in the complex art of welding in all its forms.

– the brightly lit, generously proportioned workshop, the latest welding equipment and a state-of-the-art ventilation system, which maintains a good work environment even at peak operating times. It's an excellent fit. Training is very effective under these conditions.

Hard but heartfelt

The greatest asset – metaphorically speaking – of the welding facility, on the other hand, has more than 30 years of service under his belt: As training manager, Olaf Vana directs operations with a hard hand when necessary, but always with heart. He was there when the facility opened in 2012, on board from day one, and the welding shop is his »baby«. Under his watch, some 80 to 90 trainees per year are prepared for the labor market. Vana nonetheless eschews assembly line-style training: Every one of his protégés follows an individually tailored program. One reason for this is that the rules of the game for welding qualification tests are quite complex. »It's almost as if you would get a driver's license exclusively for a red VW Golf with 120 horsepower and an automatic transmission, and then you'd have to keep your hands off of any cars which are not equipped in exactly that same way,« explains Vana. Once, just for fun, he even checked: The complex compendium of extremely diverse welding methods, materials and material strengths contains more than 5,000 combinations which are subject to qualification testing.

»The welder compels concentrated natural forces to do his bidding. Like a lion tamer, he must always stay on his guard, lest those forces turn their power against him.«

Complete Pocket Handbook of Welding Technology
by Max Kirchner | Leipzig, 1927

An overwhelming range of choices

With its variety and its individual customization options, the welding training course in Leipzig is a perfect example of the tailor-made programs and offerings in professional training, continuing business education, the qualification of job-seekers, and personnel management for employment in industry, skilled crafts or the service sector. This success story started back in 1970 when TÜV Rheinland first offered training courses for crane operators and boiler operators. Today, interested parties can select from among 12,000 seminars, training courses and conferences in 72 thematic areas offered



SAFETY, WHEN SPARKS FLY

Due to the high temperatures involved in welding, specific safety precautions must be taken. These include wearing special protective clothing and a welding mask, and following various fire prevention procedures.

each year at a total of more than 70 academic and training locations throughout Germany. E-learning offerings are increasingly complementing the classic classroom and hands-on training formats, thereby making learning more flexible and efficient.

The full range of support

The training curriculum for the welders in Leipzig also utilizes e-learning methods. Course participants have a whole fleet of laptops at their disposal to allow them to drum the theory into their own heads. Anyone who wishes to do so may also take one of these devices home with them overnight – study-friendly, family-friendly. It soon becomes clear that many of these tough young men who, down on the shop floor just a few steps below, routinely handle gleaming arcs and flame temperatures in excess of 3,000°C, are out of their element on a computer.

Lucky for them, there's Anja Bieräugel. The trained social educator helps with logging in and provides explanations and motivation. Stubborn login screens are undoubtedly one of the more banal problems that she encounters in the

Leipzig training center. Family trouble, substance abuse, and run-ins with the law – the number of program participants who, though many may still be quite young, already look back on an eventful life story has increased perceptibly in recent years. In Anja Bieräugel, they always find an open ear and competent advice.

Heart and soul. Wolfrum puts it simply and to the point. Olaf Vana, Anja Bieräugel and the manager of the training center, Mathias Raasch – they're not just there, they're there with their hearts. And that's what's most surprising of all. Wolfrum knows what he's talking about. He's been around, seen other things, experienced other conditions. In a few days, he will take his test. And he will pass, nobody here in the welding workshop doubts that for a minute. He'll go back to work in temporary employment. Personally, he has nothing bad to say about it. No later than three years from now, he will have to undergo routine renewal of his certificate – that's what the rules require. When the time comes, he wants to return to the team with heart and soul at their Hans-Weigel Street address. And who knows? In the meantime, maybe he'll even fulfill his welder's dream of working on the big ship.



ALWAYS THERE WITH ADVICE AND ASSISTANCE

As job coach, trained social educator Anja Bieräugel is always ready to lend an ear to course participants.

Safety and health at work – a worldwide topic

2,300,000 fatal work-related accidents worldwide per year

160 million
number of people suffering from work-related illnesses worldwide

10
work-related accidents worldwide per second

313,000,000
non-fatal work-related accidents worldwide per year

4%
lost GDP worldwide per year due to work-related accidents

Every
15 seconds,
a worker dies from a work-related accident or illness.

The safety and health conditions at work are very different between countries, economic sectors and social groups. Deaths and injuries take a particularly heavy toll in developing countries, where a large part of the population is engaged in hazardous activities, such as mining, agriculture and fishing. Throughout the world, the poorest and least protected – often women, children and immigrants – are among the most affected.

One of the main goals of the International Labour Organization (ILO) is to place the health and safety of all workers on the international agenda, to create political and social acceptance of the topic, and to stimulate and support practical action at all levels.

Enough is enough

Absurd table/chair/ladder pyramids, spaghetti-style electrical wiring, excruciatingly overloaded rust buckets – year after year, countless images of work-safety related buffoonery stream onto the social networks where they attract a large and thoroughly appreciative public.

But what millions of desk jockeys find amazing and entertaining represents extremely bitter reality for a much larger number of workers in the emerging and developing countries. In the absence of adequate training and equipment, they risk their health every day. And more than a few even risk their lives. The International Labour Organization (ILO) estimates that some 2.3 million people lose their life in work-related accidents worldwide every year. If the simplest workplace safety ground rules alone were observed across the board, that number would diminish significantly.

In the Indian metropolis of Mumbai, TÜV Rheinland and Siemens are teaching precisely those ground rules on a special kind of adventure playground as part of a program they developed together known as »SITRUST« (Siemens & TÜV Rheinland Unique Safety Training). Working at heights and on rails, exercise drills with and on fire hydrants, working on ladders and mobile construction scaffolding, working on low and medium voltage control panels and transformers: This training park – the only one of its kind in the world – can realistically simulate a large number of safety-sensitive work situations. The core focus here is always to determine which equipment and precautions will enable someone to perform the work with the least possible risk.

Apropos core focus: While classic training programs often consist largely of slogging through manuals and information brochures, »SITRUST« intentionally relies instead on an unusually high hands-on component of about 70% – so participants »grasp« the subject matter in the truest sense of the word. Some 400 trainees are expected to obtain the »SITRUST« certificate over the course of the next five years. One thing is already certain, however: In all probability, they'll never appear in any of those absurd photos.





PURE PASSION
At TÜV Rheinland, welding
is not only fun, it's also
extremely useful!



»I think we've understood something better than the other providers have: Namely, that although the transmittal of technical competence is an important part of our mission, it's not the only one.«

Mr. Raasch, what's the schedule at the training center today?

If you want to know exactly what's scheduled, you'd better ask our training managers. Basically, here in Leipzig we're focused on three areas: Logistics, with about 500 participants per year, is our largest segment. This is where we train specialists to work in warehouse logistics, for example. The second mainstay concerns training and retraining for automobile mechatronic technicians. And, last but not least, in our welding courses, we qualify nearly 100 welders per year in an extremely broad range of specialty areas.

At first glance, that offering doesn't seem particularly unique. How do you differentiate yourselves from your competitors?

First of all, what matters most is not whether an offering is unique, but rather that it satisfies the market need. And with a major air freight hub based at the Leipzig/Halle Airport, the automobile manufacturers BMW and Porsche, and the strong presence of the metalworking industry in our immediate vicinity, there's no doubt that our offering is doing just that. But in answer to

your question, we measure our activities according to the same parameters that characterize TÜV Rheinland as a whole: top quality, integrity and sustainability. Just take a look at our training center – you'll be hard pressed to find comparably equipped facilities here in this area. Our training managers are first-class specialists – any industrial operation would welcome them with open arms. And I think we've also understood something better than the other providers have: Namely, that although the transmittal of technical competence is an important part of our mission, it's not the only one.

What do you mean by that exactly?

Imagine that you've been out of work for two years, and that you've applied for hundreds of jobs, with nothing but a pile of rejection notices to show for it. It really gets to you after a while, it wears you down. It's perfectly understandable to me if someone like that finds it hard to be highly motivated when they wake up every morning. First you have to restore their self-esteem, show them a prospect for the future, and maybe also help them resolve some personal problems. So here in the training center we also perform an important social function.

What prospects do you see for the training center in the years ahead?

At present, we recruit about 75% of our participants through the German Federal Employment Agency, and the rest come from private industry. Over the long term, we want to balance that out. Here at the Leipzig hub, we've already convinced two well-known companies in the logistics and automotive industry of our capabilities. We're very confident that we'll be able to convince others as well.

MORE THAN JUST A WELDER'S CERTIFICATE

Every time a trainee completes a course, Mathias Raasch (right), manager of the Leipzig training center, is pleased to have given them a bit of security for the future to take along with them.





MAKING SPARKS FLY

Nearly 100 welders are qualified in an extremely broad range of specialty fields every year at the Leipzig welding course facilities. The transmittal of technical competence is an important part of that mission, but not the only one.



The Cyber Pirate

Whether cloud computing, mobile file sharing, the »Internet of Things« or Industry 4.0: every technological innovation provides new opportunities for criminals to attack. As the saying goes, the best defense is a good offense – and that's why the IT experts from TÜV Rheinland simulate cyber attacks on the IT infrastructures of their clients. They uncover security gaps and analyze, advise and implement effective solutions to protect against hackers.



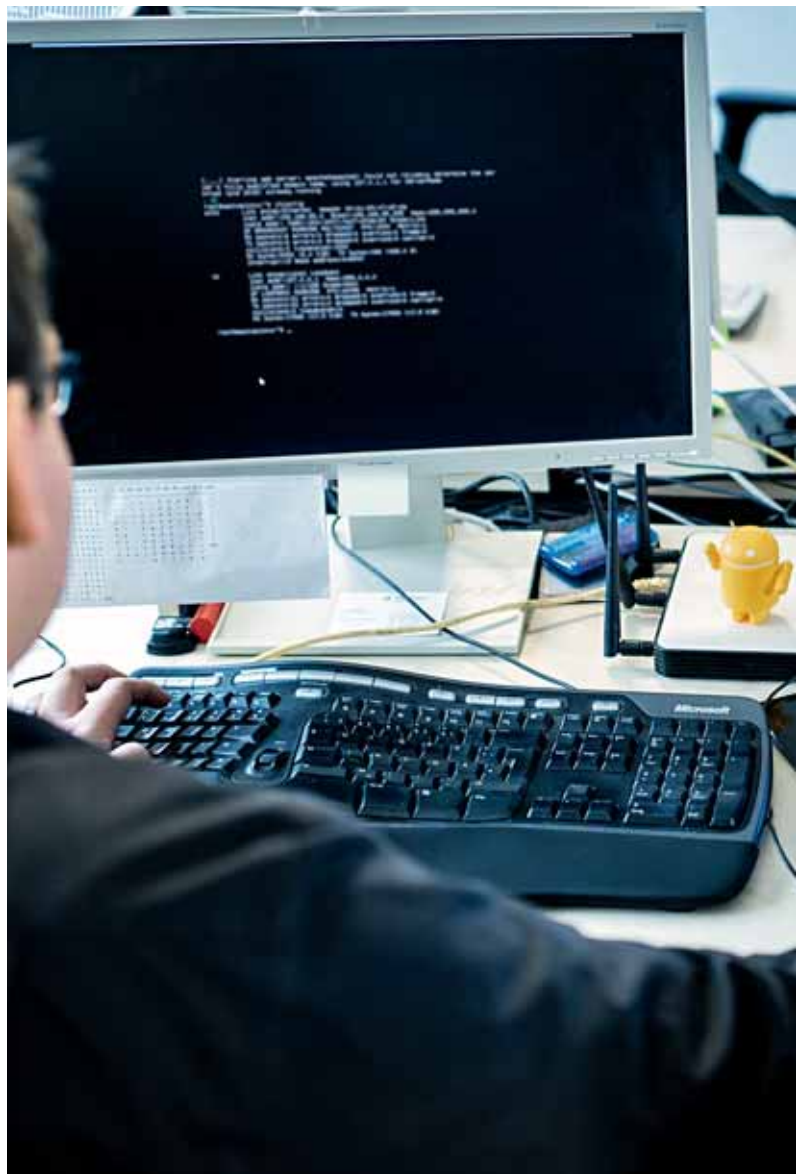


No trespassing, buddy.

As »professions« go, it's clearly one with a long tradition. Since as far back as Antiquity, it has been possible to earn a lavish living by boarding, capturing and plundering ships – provided, of course, that one didn't take all too seriously the laws which applied even then. The golden age of piracy ultimately flowered in the wake of the colonization of America. Figures such as the infamous Captain Blackbeard achieved legendary stature. The days of unbridled plunder were not numbered until the late 18th century when the major powers of the day consensually began to place higher value on oceangoing trade than on mutual offshore harassment legitimized by letter of marque. Presumably no one suspected back then that a few centuries later – in the modern interpretation – the professional »pirate« would experience a genuine renaissance: ships and cannons have now become laptops and routers, oceans have become the servers and networks of our digital society, and Blackbeard has become a black hat.

In 2014, it was precisely such black hats – the name used in the milieu for hackers with criminal intentions – who, in two attacks on online services, garnered a total of 34 million user names and passwords of Internet users from Germany and other European countries. Using fake e-mails targeting specific employees, they gained access to the control computer of a steel plant and disabled the blast furnace. With the malware program »Havex«, they attacked not just one but several dozen German companies and gathered information about the devices and systems used in the production networks. Would you like further examples? The list is almost endless.

Every day, newspapers all over the world are filled with new reports of cyber criminals' exploits. According to serious studies, the losses they cause are estimated at around 450 billion US dollars every year.



IT SECURITY AT WORK

Closed today for cyber criminals – The IT security specialists from TÜV Rheinland are on the job.



SECURE SOLUTIONS

Daniel Hamburg values the creativity, thirst for knowledge and tenacity of his crew – qualities which are protecting the servers and networks of our digital society.

Anyone who wants to protect themselves from digital shipwreck, or has already been unfortunate enough to suffer that fate, had better call the white hats – hackers who put their knowledge and abilities into service of a good cause. Daniel Hamburg of TÜV Rheinland is one of their captains. His crew is composed of highly trained IT security analysts. His mission is to defeat the black hats with their own weapons.



We just pretend

Under contract for a continuously growing group of companies, government agencies and institutions, Hamburg's analysts do the role of black hats and set out to find weaknesses in the systems of the customer, in order to implement solutions which then permanently eliminate those weaknesses. There is one key difference, however, between this and an attack by genuine hackers – aside from the fact that presumably only in the rarest of cases do the latter provide detailed documentation of the weaknesses in question: namely, it is the customer himself who determines the vehemence of the attack. Basically, attacks can be classified into three levels. In the context of a so-called »vulnerability scan,« software-

supported and fully automated systems check applications and systems for known security gaps. The winds already blow perceptibly stronger with the »security analysis.« Here the security analysts personally take action and attack the customer's outermost line of defense in the search for possible points of entry. And heavy seas correspond ultimately to the penetration test, or »pentest« for short. Carried out in some cases over the course of weeks, it mercilessly uncovers how deeply an attacker can penetrate into the IT infrastructure and to what extent they can damage the organization.

»At that point, it becomes clear that we not only have to be good hackers but also equally good advisors,« emphasizes Hamburg. »Placating an online bank with a vulnerability scan would be just as absurd as having one of our analysts hound the website of the local swimming pool for weeks and weeks. The given risk potential, the level of testing desired by the customer and the intended level of protection all have to match. From time to time, we fail to convince the customer with what, to our mind, is a reasonable concept – in which case, sometimes we just have to be able to say no. After all, our reputation on the market is excellent and we have to protect it. Fortunately, however, we rarely find ourselves in such an uncomfortable position.«

Unlike their historical associates, for whom the decisive factors for a successful pirating career included seaworthiness, fighting spirit and the ability to hold their liquor, the qualities most prized in today's cyber pirates at TÜV Rheinland are creativity, a thirst for knowledge, and tenacity. »Unfortunately there's no university on Earth that cranks out good pentesters, it's a profession that's learned only in practice,« observes Hamburg almost with regret. For his own part, he first encountered the field while earning his undergraduate diploma in Electronics and Information Technology, and then delved deeper into it during his doctorate studies. No, he's surely not the most talented of hackers, his forte lies more in consulting and in leading a team. An ideal captain.



PULLING DIGITAL STRINGS

Daniel Hamburg and his team also provide in-house support for the security of sensitive data and systems.

»IT innovation must go hand in hand with the evolution of security mechanisms, so the defenders don't fall technologically behind the attackers.«

Thomas de Maizière | German Federal Minister of the Interior





Operating hacking machinery without a safety helmet is strictly prohibited!

Born under the Millennium star

Unlike many other services of TÜV Rheinland, IT security is still a relatively young discipline. Its roots date back to the late 1990s, when two zeros struck fear into the hearts of IT managers everywhere from Sydney to Los Angeles. As we all know, the dreaded Millennium computer chaos never actually materialized. The first IT security pioneers at TÜV Rheinland also made a small contribution to that success by checking the practicability and reliability of strategies and tools designed to ensure a smooth date transition.

The field found a true home with the establishment of its own IT security company – the point of departure on an extraordinarily successful venture. It soon became apparent that inland waters would eventually become too shallow for the ambitious team. Over the course of a few months in early 2014, with the acquisition of their German competitor Secaron and the renowned US-based firm OpenSky, TÜV Rheinland developed into one of the world's leading independent suppliers for IT security.

Major expedition

For Hamburg and his team, this opens up the entirely new prospect of offering services which are not only thematically comprehensive but also span the globe in support of customers with worldwide operations in a broad spectrum of industries. It is that powerful vision above all which attracts talented computer specialists to work for TÜV Rheinland.

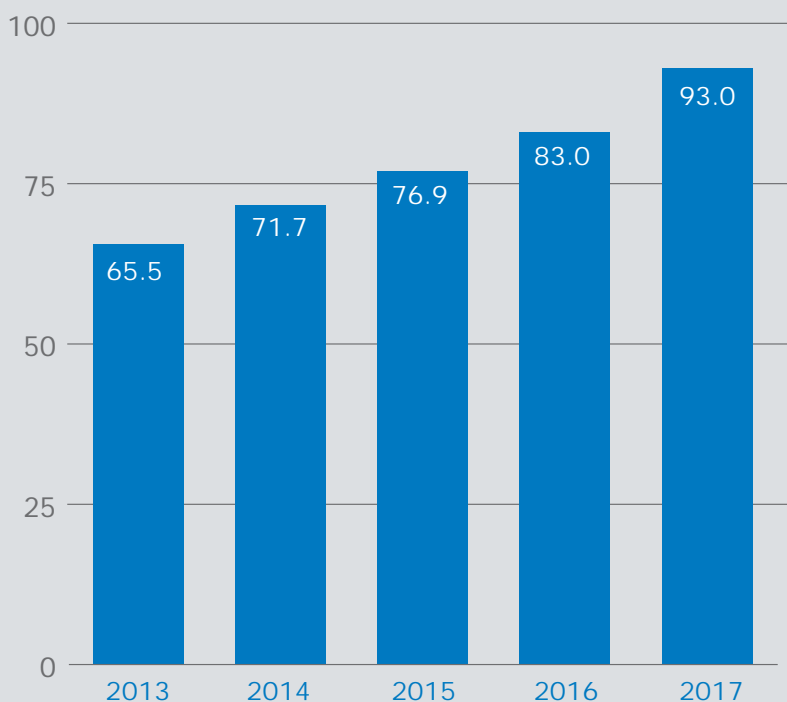
»Good hackers can essentially pick their employers. TÜV Rheinland's high level of competence in topical areas such as Smart Home, Industry 4.0 and networked mobility is a persuasive argument when recruiting the best people,« confirms Hamburg. »We can credibly promise that our analysts will have years of work involving the very latest trends, and that as a general rule they'll be doing it for well-known customers.« Along with the classical consulting function, the option to collaborate with other customers on certification projects, thereby actively participating in the establishment of the standards, puts further wind in the personnel marketing sails of TÜV Rheinland's fleet. And now with OpenSky, there's the additional prospect of seeing a bit of the world while on the job. »The media's studiously nourished stereotype of the sunlight-averse geek with no life beyond his computer screen is utter nonsense. These are all marvelous people who are truly passionate about teamwork and want to experience things.«

Steering them right to where the greatest treasures are waiting – in the form of challenges, experience and expertise – that's Hamburg's job. And who knows? A few years from now, maybe along with legends about Blackbeard, people will also retell the adventures of Captain Whitehat and his band of savvy hackers who helped make cyberspace a safer place.

IT security, a growth market

Growth of global investments in IT security

in billions of US dollars



According to the respected US market research firm Gartner, global expenditures for IT security rose by 6.2 billion from 65.5 billion to 71.7 billion US dollars in 2014. That represents an increase of 9.5% over the previous year. Among the segments contributing to that increase, the prevention of data loss posted the highest rate of growth: +18.9%. The need for new security solutions will also continue to grow in coming years due to mobile use, clouds and social networks, says Gartner. By the end of 2015, for example, ten percent of all IT services for companies will already be provided in clouds. By 2018, more than half of all companies will use specialized IT security service providers.

Ask TÜV Rheinland about healthcare IT risks and side effects

When it comes to doctor-patient confidentiality, things seem to be easier before the digitalization of medical records. When you were sick or injured, you went to the doctor who prescribed you some medication or provided treatment before recording the summary of the visit in what is probably the most secure form of encryption ever invented – the studiously perfected illegibility of an MD's handwriting.

Nowadays, digitalization completely pervades not only the healthcare industry, but has also every conceivable facet of medicine remove as well. Pacemakers are programmable and, as a rule, can be operated remotely. Insulin pumps and respirators function both inside and outside our bodies while we see doctors increasingly make their rounds with a tablet computer instead of a clipboard. All this is captured in digital medical records that can easily be sent around the globe via the Internet.

The dire diagnosis is that our healthcare databases have become extremely attractive targets for cyber criminals. Thus far, the medical community has concentrated on complying with unquestionably comprehensive regulatory requirements and, although there are some notable exceptions, has been challenged to implement appropriate information security measures. The threat is all the more acute inasmuch as relatively exposed systems also happen to hold highly attractive financial allure: A single medical file can fetch up to \$500 on the American black markets.

In order to better protect sensitive patient data and significantly reduce the risk that devices will fall prey to criminal intent, the US federal regulatory agency FDA published its guidelines on information security in medical devices on October 1, 2014. It requires manufacturers to take relevant IT security aspects into consideration during the development phase of their devices and within the framework of their risk management programs.

Furthermore, manufacturers must develop effective defensive strategies. True to the adage that »an ounce of prevention is worth a pound of cure«, today, the IT security specialists at TÜV Rheinland's subsidiary OpenSky already provides support to manufacturers of medical devices in the USA in the form of security analyses and penetration tests. These services are also already part of our portfolio in Europe, as it is only a matter of time before the EU regulators follow the American example. Setting the pace on IT security for medical technology, TÜV Rheinland is helping to considerably shorten the list of IT-related risks and side effects in the global healthcare system.



OpenSky office locations



COAT POCKET CRIME

Cyber criminals don't shy away from cell phones or smartphones, either. Daniel Hamburg's specialists are programmed for defense.



Cyber Security Trends 2015

1

ORGANIZATIONS ARE SUBJECT TO INCREASING REGULATORY PRESSURE

The investments in IT security will increase – mainly because the threat continues to grow. Moreover, the regulatory requirements imposed on companies will continue to intensify – particularly due to the German IT Security Act and the EU data protection reform. In anticipation of this, together with our partners con|energy and Kompetenzzentrum Kritische Infrastrukturen (Center of Excellence for Critical Infrastructures), we have issued a list of criteria that energy providers can use to help prepare themselves for the increasingly demanding requirements.

2

MORE AND MORE CYBER ATTACKS – COMPANIES ARE INCREASINGLY TURNING TO EXTERNAL EXPERTS FOR ASSISTANCE

In the wake of geopolitical conflicts, the number of Advanced Persistent Threats (APTs) will continue to grow. Above all, attackers will look for the weakest link in the chain among suppliers and medium-sized companies. That's why companies will increasingly rely on defensive analytical tools and outside experts with a solid command of these innovative technologies. We expect that in 2015 our Security Incident Response Team will be even more in demand than ever.

4

INTERNET OF THINGS (IOT) – SECURITY STANDARDS LIMPING BEHIND TECHNOLOGICAL DEVELOPMENT

Whether comfort features on board cars, intelligent monitoring systems, smart thermostats or networked production plants: the standards for the security of information, data and the private sphere are limping pitifully behind the technological development of the IoT and the threat of cyber attacks. Germany's development into a key market for the Smart Home will succeed only if it manages to counteract the current threat scenarios by imposing effective security standards and test methods for networks, mobile devices and software.

3 THE INTERNATIONAL PATIENT – IT SECURITY FOR MEDICAL DEVICES

Functional shutdowns and interrupted service due to attacks on medical devices are among the growing risks in 2015. Since the end of 2014, manufacturers in the USA are now obliged to take the IT security of their products into consideration already during the development stage and within the framework of risk management. It is reasonable to expect that, sooner or later, the IT security of medical devices will also become a regulatory approval requirement for marketing authorization in the EU. With our US subsidiary OpenSky, we are already supporting the manufacturers in the USA today with security analyses and penetration tests.

5

THE REVOLUTION IS KNOCKING, BUT NOBODY IS OPENING THE DOOR: INDUSTRY 4.0 – BASIC SECURITY QUESTIONS UNRESOLVED

The mega-topic »Industry 4.0« is another area where, in our opinion, essential security questions remain open. And this is one of the main reasons why small and medium-sized companies in Germany hesitate to commit to the decade's most important transformation process. The future of Germany as a business location depends on whether it can keep pace with industrial revolution 4.0. Nevertheless, it will succeed if the trust in the cyber security of fundamental technologies such as the Internet of Things and the cloud are further strengthened – and on the basis of information security that is »Made in Germany«.

6

NETWORKED DRIVING – WHO OWNS THE DATA?

According to a current survey by McKinsey, 2015 will mark the first time that the majority of car buyers will place more importance on connectivity than on engine performance. Just as with the Internet of Things, we still see considerable asymmetry in the trajectory of technological development versus that of the security discussion. The industry's entire value creation chain must work intensely on solutions which completely eliminate the very possibility of dangerous attacks on on-board automotive IT systems.

7 CLOUD – GROWTH IN PRIVATE USAGE

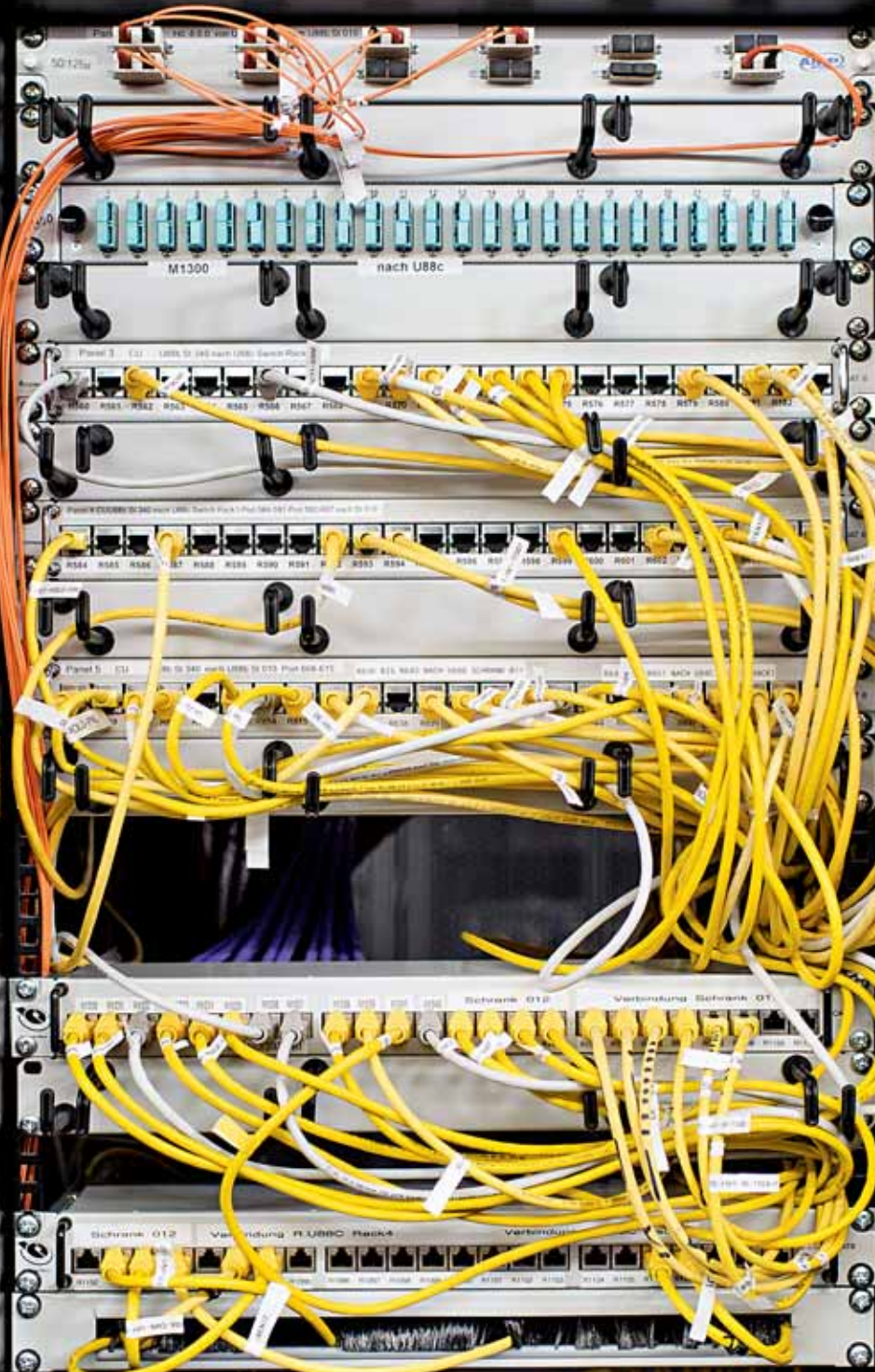
In order to protect their digital crown jewels, more and more companies are switching to the private cloud. The increasingly frequent combination of consumer cloud solutions with mobile access and social authentication (social login, e.g. via a social network such as Facebook) creates additional challenges for use in the workplace when it comes to the protection of digital assets.

IBM



Schrank 340

30 Jahre Qualität und Zuverlässigkeit



Powered up

Energy drives the everyday life of mankind – a development which has given rise to unprecedented dynamism ever since the invention of the first simple steam engines in the early 18th century. Today, energy consumption no longer seems to know any limits, so our global thirst for energy is forcing us to change the way we think. TÜV Rheinland has been a reliable companion and pioneer of innovative energy concepts for its partners for many generations now. And it's a good thing that in an era marked by seemingly never-ending change, some things actually stay the same.

Abdampf. z. Kor







A SHINING EXAMPLE OF ENVIRONMENTAL EFFICIENCY

In operation since 2012, Neurath Power Plant's lignite-fired power station with optimized plant engineering (known by its German abbreviation as BoA 2 & 3) produces significantly more electricity from each ton of lignite than old facilities do. CO₂ emissions were reduced by 30%. That represents up to six million fewer tons per year in emissions to produce the same number of megawatts.



It is grandiose. So grandiose that you could, in theory, fit the towers of the Cologne Cathedral inside its two boiler houses. But the cathedral stands a safe distance of over 30 kilometers to the southeast. Here, surrounded by meadows and fields, the Neurath Power Plant has no visual competitor – a superlative edifice even by global standards: At 43% efficiency, it's the most efficient lignite-fired power plant in the world. With its 1100 megawatts, it has the highest unit capacity of any comparable plant worldwide. Some 900 kilometers of piping snake through each of the two units. And nowhere on the planet have two bigger coal-fired boilers been installed.

The steam boilers that began the success story of TÜV Rheinland on October 18, 1872, were not much bigger than a shot glass and anything but trustworthy in comparison. More than 140 years later, the name and the service portfolio of what was once known as the Dampfkessel-Überwachungs-Verein (DÜV) – or the Steam Boiler Inspection Organization in English – have changed somewhat. But today, the inspection of power plants is still one of the major business areas.

Defective components, an exceptionally stubborn new special steel for the boiler tubes – the challenges that the operator



ON BOARD FROM DAY ONE

Jörg Hendricks – TÜV Rheinland's first employee on the site – provided support during the complex process of constructing the two power plant units.

At 43% efficiency, Neurath is the world's most efficient lignite-fired power plant.

RWE had to overcome during the construction of the Neurath Power Plant also proved to be grandiose. One of the people who helped them the most was Jörg Hendricks. As someone who was there right from the very start and head of a team of up to five members with worldwide responsibility for the acceptance of the individual components and the final acceptance according to German and European regulatory requirements, he supported the project through all of the ups and downs of the construction process. And since one doesn't let eight years of highly in-depth knowledge about the local conditions and technical details just march right out the door, after successful commissioning, RWE made Hendricks and his team agree to perform periodic plant inspections.

Even if he's no longer there in person at the plant every day now, from the window of his office located at the Neurath Power Plant's older units, which are directly adjacent to the new ones, Hendricks always keeps a close eye on his turf. The smooth operation of the site is now the responsibility of the measurement technology specialist Stefan Preiss. He, too, would probably have no trouble finding his way across the vast grounds with his eyes blindfolded. The third man of the dynamic TÜV Rheinland trio is named Ansgar Kranz. As a qualified expert for materials inspection and testing, he leaps into action whenever Preiss and Hendricks encounter irregularities in their inspections and measurements. Where others – if ever – discover a fine crack in the steel, Kranz's specialists read a damaged component like a detective novel. It rarely takes them long to reconstruct the sequence of events and identify the culprit.



WITH A TRAINED EYE

Stefan Preiss on an inspection tour.



Easing off of the gas pedal

It's a busy place. The control room of the power plant is where everything comes together. Displays on a scale that would bring tears of joy to the eyes of any home cinema fan flicker incessantly. One screen transmits fiery live images from inside the coal-fired boiler. Keeping an eye on everything here is a demanding task. For a while now, Hendricks and his team have been saddled with a task which, given these dimensions, is even much more demanding – namely, making the power plant more flexible.

For coal-fired power plants, the formula for success is the same as in auto racing: full throttle works best – for the best efficiency and the best economy. But renewable energy providers have been accorded across-the-board priority when feeding into the German power grid, so extended periods of full-throttle operation are becoming increasingly rare, especially during the sunniest months of the year. Controlling the power plant in such a way that it adjusts as quickly as possible to produce the required output at any given moment while also operating halfway economically at partial load is one of the major topics on the power plant specialists' agenda.

Fortunately, TÜV Rheinland already happens to have decades of experience with proactively building up and expanding expertise relative to the production and distribution of renewable energies. Because Hendricks and his colleagues know: A good inspection engineer has to keep the big picture in mind. Since 2013, the big picture when it comes to energy know-how at TÜV Rheinland goes by the name »E3«: Energy Expertise Everywhere. From feasibility studies to efficiency analyses to inspections and certifications, E3 bundles a service portfolio unlike any other in the industry.



REAL MEN WEAR COLOGNE

The men at the lignite-fired power plant speak the local dialect – and support the local soccer team.



SENSITIVE TECHNOLOGY

State-of-the-art sensor technology records the slightest deformations.

»I have the feeling that it will take a major blackout for people to finally realize where the reliable base load comes from.«

Dr. Ansgar Kranz | Qualified expert for materials inspection and testing

Moribund technology with a bright future

It's hot. And no wonder, because 600 degrees Celsius rage in the coal-fired boiler – the heart of the power plant unit. Even on the other side of the walls and insulation surrounding it, the temperatures still merit the label »cozy«. Stefan Preiss and Ansgar Kranz come in close contact with the piping here by means of capacitive high temperature strain measurement technology. The tongue twister comes along in the form of a black wheeled cabinet that houses ultra-modern measurement technology within. Via a cable connection, Kranz and Preiss tap into a network of sensors which were intentionally positioned at the neuralgic points, i.e. the points subject to the highest loads, already during the construction of the power plant. The sensors record even the slightest deformations of the material – harbingers of more serious trouble. Today the measurement curves remain flat: Everything is in perfect order.

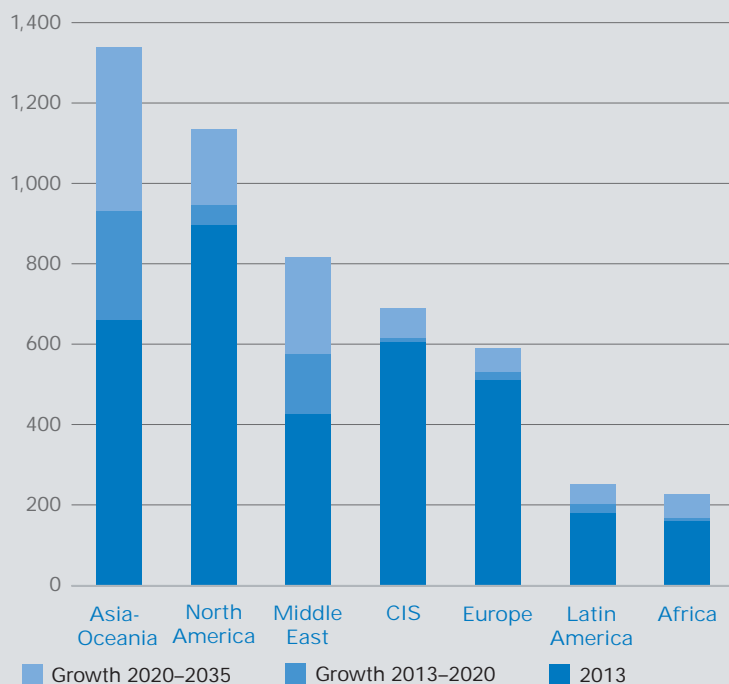
Another thing that's hot, at least in Germany, is the controversy concerning the role of coal power during the ongoing energy revolution. Although it ceded its first-place status to renewable energies for the first time – and probably forever – in 2014, lignite – commonly known as »brown coal« – still accounts for about a quarter of all German energy production. Similarly tarnished with a less than exemplary reputation, its sister »hard coal« contributes another 18% to the total production. »I have the feeling that it will take a major blackout for people to finally realize where the reliable base load comes from,« predicts Kranz, who would prefer a factual debate »without idealistic motives«. Hendricks, too, takes a critical view of current developments: »Abandoning nuclear power and eliminating the production of electricity from fossil fuels are surely the right things to do, in principle, but today's disproportionate, partisan support for renewable energies has barely manageable consequences for the entire electrical energy market.«

Widely considered to be a discontinued model, Germany's coal power industry is expected to survive for another 25 or 30 years. By that time, hundreds of new coal-fired power plants will have been erected in China, India and South America. Hendricks and Kranz agree that China will also have created the first power plant of the 700-degree class by then, with an efficiency that will make today's flagship power plant in Neurath look rather outmoded. And who knows? Maybe there will also be a few clever minds in blue coats there to carry on the tradition of the DÜV Steam Boiler Inspection Organization of 1872.

Gas – energy source with a future

Increasing international demand

in billions of m³

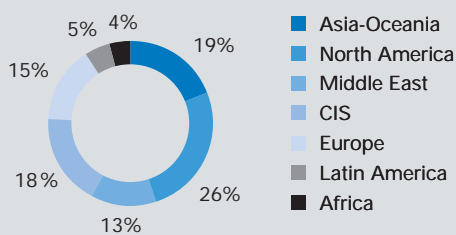


Regional development of the gas market

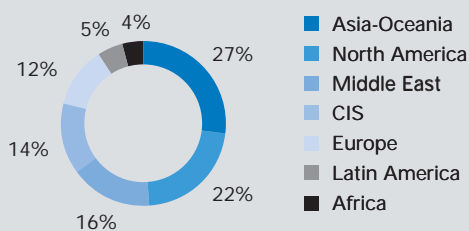
Share of world consumption in %

Asia-Oceania, and the Middle East as growth drivers

2013



2035



Nothing succeeds like success

Attributed to the 19th century French author of the Three Musketeers, this aphorism applies as much as ever to TÜV Rheinland's increasingly successful commitment to the oil and gas sector.

For a concrete example, consider the new Peruvian pipeline that will traverse the Andean country and go into operation in 2017. The so-called South Pipeline will carry natural gas from the production areas in the Cusco region to the cities of Cusco, Arequipa, and Matarani and to the port city of Ilo near the Chilean border. The project is a major factor in Peru's effort to become a central location for petrochemicals on the Pacific coast, thereby promoting the diversification of its national economy. Moreover, the comparatively clean natural gas will replace other energy carriers such as heating oil or firewood, which are considerably more harmful for the climate. By local standards, the undertaking is a project of truly superlative scale: With a length of 1,085 kilometers, for example, the pipeline will exceed any previously completed project of its kind in Peru. The investment volume for the construction and the operation, initially projected to run for 34 years, totals an impressive 7.2 billion US dollars – including maintenance. And last but not least, no less than 7,000 new jobs will be created in connection with the South Pipeline.

It comes as no surprise then that the people who initiated the project also selected partners with competence in handling superlatives. So in 2014, our Peruvian subsidiary was contracted to monitor the construction of the South Pipeline. We were able to tip the scales in our favor with a number of strong sales arguments. These included not only our undisputed technical expertise but also the treasure trove of experience that we acquired during the construction of the 400-kilometer-long Contugas pipeline.

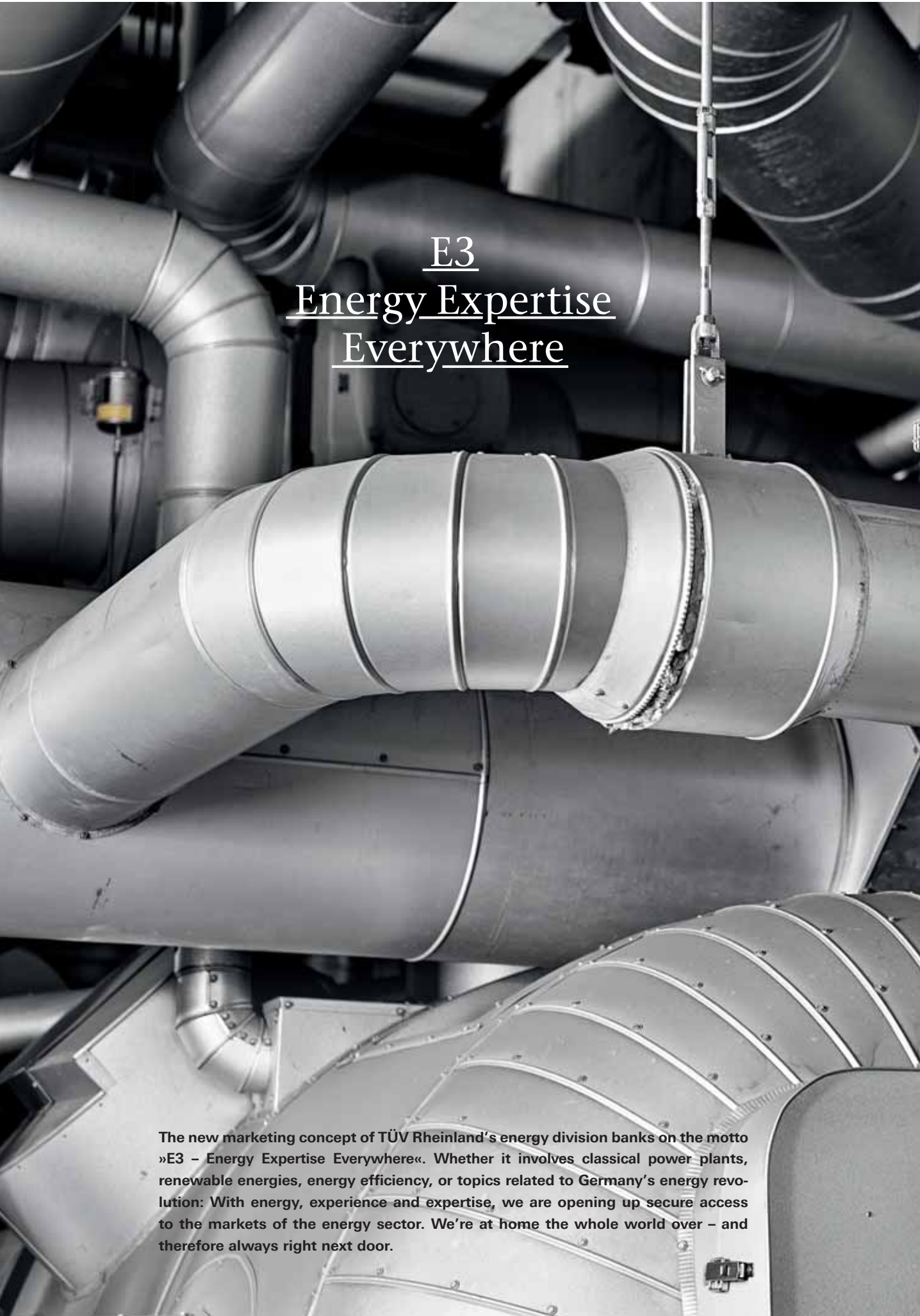
The contract covers the monitoring of all major project phases such as development, procurement, construction and start-up. Additional tasks involve supply chain services such as supplier management, the monitoring of loading operations, and visual acceptances. Moreover, we are providing support to the customer in the preparation of inspection plans, the implementation of a condition monitoring system, the coordination and monitoring of the contractors, and the documentation. At the height of the project in 2015, some 180 employees of TÜV Rheinland will be involved – making sure that it succeeds.





A THOROUGH ASSESSMENT

Ansgar Kranz and Stefan Preiss make regular use of high temperature strain measurement technology.



E3 Energy Expertise Everywhere

The new marketing concept of TÜV Rheinland's energy division banks on the motto »E3 – Energy Expertise Everywhere«. Whether it involves classical power plants, renewable energies, energy efficiency, or topics related to Germany's energy revolution: With energy, experience and expertise, we are opening up secure access to the markets of the energy sector. We're at home the whole world over – and therefore always right next door.



OIL AND GAS

Oil and gas will remain indispensable energy sources in the coming decades. We provide support to owners, insurers, investors and operators of power plants, refineries, pipelines and platforms with a wide spectrum of inspections, audits, tests and certification programs. Our intelligent solutions ensure the safe, reliable and economic operation of these often highly complex infrastructures.



SMART HOME

The refrigerator of the future will anticipate and adapt to conditions, varying its power consumption in a daytime and nighttime rhythm. Lighting will follow the residents from room to room as if controlled by the hand of a ghost. We are a driving force in the evolution of the Smart Home and have suitable test facilities installed throughout the world. We are participating in the development of all wireless communication systems and have bundled our knowledge under one roof in a global competence center.



SOLAR ENERGY

In the energy supply of the future, photovoltaics (PV) will play a fundamental role in the overall mix. We've been actively supporting this development for more than 30 years now. Today we are the international market leader in the inspection and testing of components, modules and power inverters. Our global network of laboratories uses state-of-the-art methods and procedures. We are there for our customer in all phases of a photovoltaics or solar thermal project: from the site evaluation to the documentary proof of bankability to the final acceptance.



FOSSIL AND NUCLEAR ENERGY

The classic energy carriers provide the world's population with the energy they need. With our expertise and experience, we create the ideal conditions for smooth operation and long service life. Along with plant construction firms and operators, our customers also include component manufacturers and the associated service providers. Our services range from planning to implementation and from operation to dismantling. As an international testing and inspection organization, we also provide support to various permit authorities and regulatory agencies.



WIND ENERGY

The winds have changed. The significance of renewable energies is continuously growing. We help make wind energy projects economically successful – right from the start, all over the world. We analyze potential locations, prepare expert assessments of wind conditions, and conduct audits, product inspections and acceptance testing. Moreover, we support our customers throughout the course of the project and ensure the trouble-free operation of their installations.



SMART ENERGY

The energy revolution cannot succeed without intelligent power grids that control transmission, distribution and utilization – especially of energy produced from renewable sources – efficiently and flexibly. We make sure that this development takes place rapidly, smoothly and above all safely – with regard to communication and functional safety and reliability, as well as IT security. In addition, we are helping to get electromobility rolling. Here, too, we are partners in all segments of the industry – from the battery to the charging station.



ENERGY EFFICIENCY

The most eco-friendly and cost-effective energy is still the energy that is never even needed in the first place. We inspect and certify power and heating plants and their components as well as IT infrastructures, products and buildings. Whether it involves passive or active energy efficiency, whether it involves environmental management or energy management systems, our experts provide support in all questions of energy optimization.



Putting the Pedal to the Metal

For most people in Germany, the first thing that comes to mind when they hear »TÜV« is those brightly colored little inspection stickers, and also sometimes the not-so-little to-do lists for their trusted auto mechanic. No other service has left its mark on public perception in Germany quite like motor vehicle inspection. And along with it, TÜV Rheinland offers a full range of other services for many a German's favorite toy – performed by experienced four-wheeler specialists with astute technical sense and a keen eye for detail.



 **TÜVRheinland**
Genau. Richtig.



No, we'll spare you all those corny stock photos, there's really no point in bothering with that. With unflinching determination, Carola Buchwald slams on the cliché brakes. She's neither the only of her kind nor a mere decorative mannequin in a profession dominated by men. She's quite simply part of a harmonious team here at the TÜV Rheinland motor vehicle inspection center in the Mülheim district of Cologne, Germany. No special function, no special needs – but nevertheless a special personality.

Her affinity for hands-on work manifested itself practically from birth. She inherited the tinkerer gene from her father. Nothing that can be disassembled with commercially available tools and then reassembled has been completely safe around her ever since. After high school, her do-it-yourself projects became increasingly ambitious: Buchwald enrolled in a university-level program of study in the field of Motor Vehicle Construction in Cologne, where she majored in Design and Qualified Expert Services. Her first job took her to the prototype development department of a company that makes catalytic converters, and relatively soon thereafter she went to work for a leading axle manufacturer. More prototype work again – and the realization that she just isn't really the prototypical prototype developer. In 2012, she remembered her second major... and a good address in the Poll district of Cologne.



»You can't treat a car like a human being – a car needs love.«

Walter Röhl | Rally and auto racing pro





**LENDING A HELPING
HAND IN COLOGNE**

Even if the driver is from
Düsseldorf.





A decision based on sound professional judgment

Over the course of a nine-month period, she was trained as a qualified expert by TÜV Rheinland. Her official, not necessarily business card-friendly title: Officially Recognized Qualified Expert with Sub-authorities. Anyone who associates the expression »Sub-authorities« here with a restricted latitude for personal development is sorely mistaken. Of course, some part of her workday is taken up with classic vehicle safety and emissions inspections. Brake tests, emissions test stand, then up on the lift, lights, tires, body – Buchwald follows her checklist as if in a trance, admittedly, but her concentration never wanes. The indispensable tools of her trade include a flashlight and a little notepad, on which she records every anomaly. Along with that »bread and butter business«, however, Buchwald's responsibilities also include documentation of parts replacement and complete vehicle inspections. It's always especially interesting when a rare bird rolls into the light-flooded hall on Frankfurter Street – a sports car, for example, or a model that's past its prime.



WELL-OILED OPERATION

With its extensive continuing education program, TÜV Rheinland also provides its qualified motor vehicle experts with ample opportunity for smooth-running professional development.



MENTORING FUTURE MOTOR VEHICLE EXPERTS

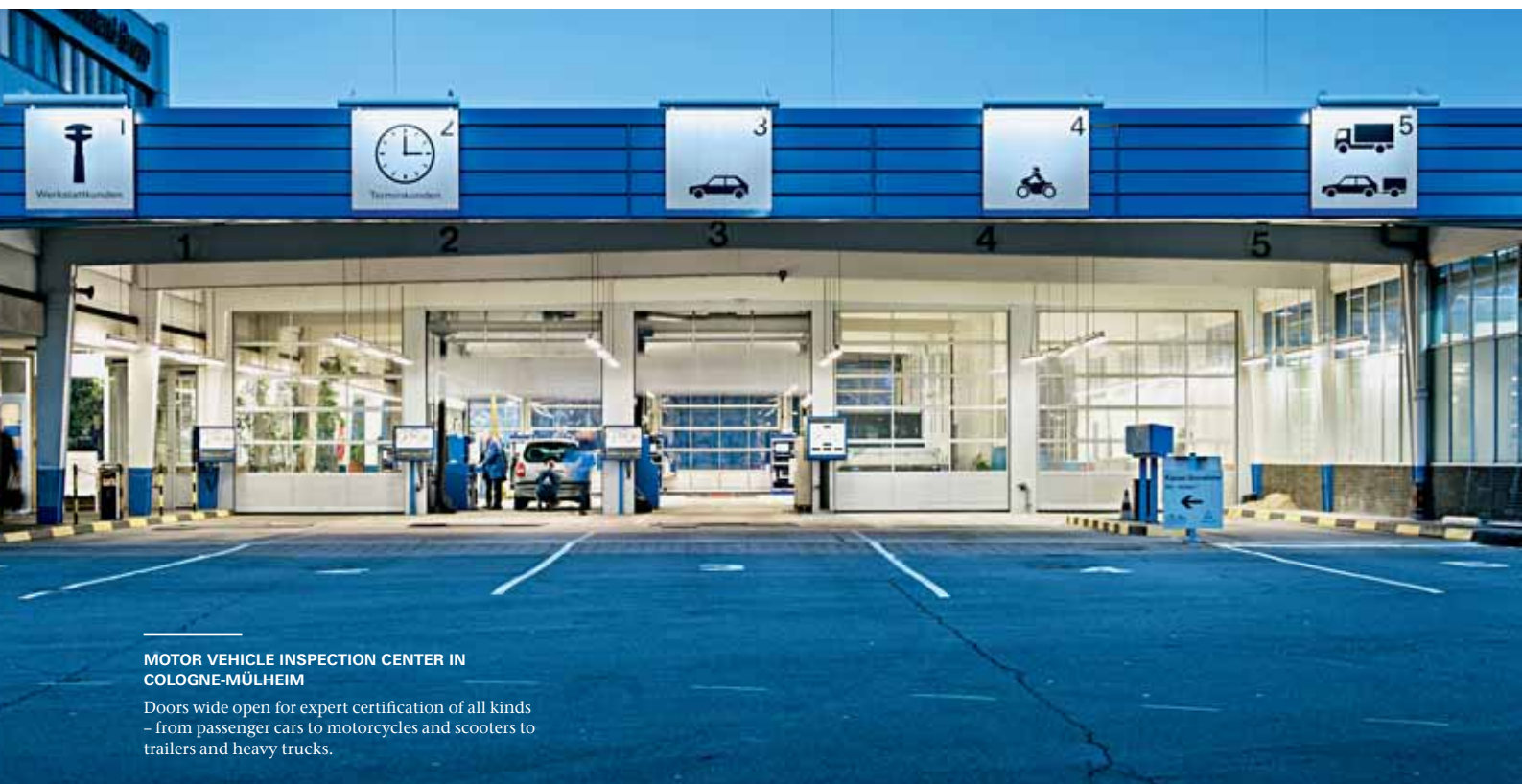
Carola Buchwald and inspection engineer trainee
Frank Weiss checking the underside.

Meanwhile, motor vehicle
safety inspections are also
improving road safety in many
other countries around the
world.

And classic cars, of course. Buchwald's eyes light up. Her heart belongs to cars with history. Not just a little history, but real History with a capital H. Cars that were out on the road in the 1930s and 1940s. She gets her hands on such treasures maybe ten times per year – festive little holidays for this qualified expert.

Back then, in 1951

It's a fair bet that those treasures came in contact with TÜV Rheinland already as teenagers. Because the mandatory safety inspection, which prevents motor vehicles with safety defects from circulating in traffic for extended periods of time, has been required by German law since December 1, 1951. By the way, that was when »TÜV« came to be a colloquial expression for the motor vehicle safety inspection, because up until the mid-1980s the TÜV organizations held a monopoly as the sole authorized providers of this service. The actual roots of motor vehicle inspection date back even a few decades earlier, however: The first basic regulations were established by a Prussian ordinance which went into force already in 1910.



MOTOR VEHICLE INSPECTION CENTER IN COLOGNE-MÜLHEIM

Doors wide open for expert certification of all kinds – from passenger cars to motorcycles and scooters to trailers and heavy trucks.

»We have to earn the customer's trust with friendly and competent service.«

Carola Buchwald | TÜV Rheinland



Meanwhile, motor vehicle safety inspections are also improving road safety in many other countries around the world. And it turns out that TÜV Rheinland performs more than a few of those inspections as well. A full six million vehicles pass through its inspection centers each year in France, Spain, Latvia, Argentina and Chile. TÜV Rheinland also recently entered the South African market for motor vehicle safety inspections.

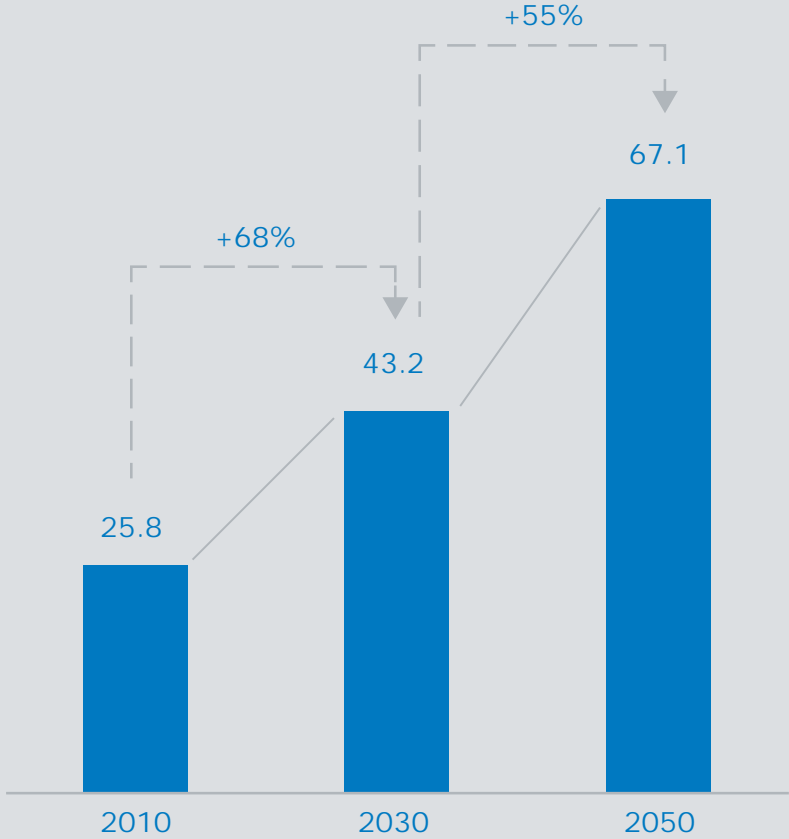
It blinks and beeps

Notwithstanding her passion for cars from days gone by, Buchwald has a keen sense for the technical challenges of today and tomorrow. One of her favorite subjects at the moment is the continuous and growing wave of advanced driver assistance systems. It beeps when parking, it blinks when

Urban mobility moves markets

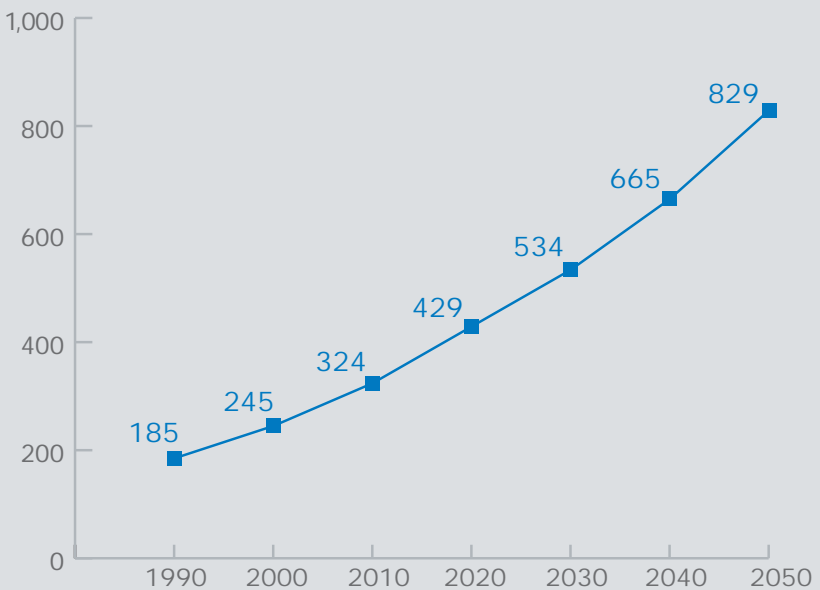
Demand for urban mobility from 2010 to 2050

Billions of person-kilometers/year



Investment volumes in urban mobility

in billions of euros



Source: The Future of Urban Mobility 2.0, Arthur D. Little

On track to break gridlock

Macau is a Special Administrative Region of the People's Republic of China situated about 50 kilometers west of Hong Kong.

The region boasts not only the world's second highest life expectancy, but also the highest population density on the planet: More than 600,000 inhabitants bustle about the tiny peninsula which measures all of barely 30 square kilometers. In total, that comes to a full 20,000 inhabitants per square kilometer. By comparison, the average square kilometer of Tokyo – which many consider to be a pretty busy place – has only about 15,000 inhabitants.

Macau's big problem is that its residents don't just sit there, they also really like to move about. They jostle each other around day and night in buses, cars and ferries – and in thousands of bicycle rickshaws, the most important means of transportation of all. And the result is chronic gridlock. One of the most important local public transport projects in all of Asia can soon help to alleviate this problem: Beginning in 2016 the Light Rapid Transit (LRT) system – a fully automatically controlled, driverless suburban train network – will carry people throughout the metropolis at three-minute intervals.

The transportation authorities in Macau want to make sure that this also happens without any accidents – keyword: »life expectancy« – so in 2012, they contracted the railway technology specialists at TÜV Rheinland to conduct the Independent Safety Assessment (ISA). The assessments cover the entire system, from the infrastructure, including expansion of the Sai Van Bridge, to the vehicle technology, to all of the technical installations. Supported by German and Japanese colleagues, among others, the Chinese TÜV Rheinland team conducts audits and monitors testing, both there in Macau and at Mitsubishi Heavy Industries, the Japanese manufacturer of the transport system.

The contract is a real plum in the worldwide project pie, because fully automated systems are still relatively uncommon. One of the first and largest was built in the mid-1990s in the Danish capital of Copenhagen – and assessed by TÜV Rheinland's qualified experts. International experience acquired over the course of many years combined with the ability to chisel away at the technical challenges associated with a project of that magnitude ultimately also won the contract in Macau. So everything is on track now to let the mobility-loving residents of Macau move about much more freely in the future.





TECHNICALLY LEGAL

Along with extensive technical knowledge, qualified motor vehicle experts also have to be thoroughly familiar with the applicable statutory regulations.

too close to the car ahead, it vibrates when changing lanes. »These aids are generally useful for the driver, of course, but not all systems on the market work with the desired precision and reliability,« Buchwald complains in reference to the capricious independent streak sometimes exhibited among the panoply of automatic parking assistants, proximity warning systems, etc. »At the same time, as inspectors we have only very limited access to the electronic controls and data of these systems.« Help is on the way starting in the summer of 2015: The Inspection Adapter, a diagnostic instrument, will permit the inspectors to use the vehicle interface to access safety-related systems.

Multiply scores of innovations by a large number of car manufacturers and the result is a hefty demand for continuing education. »Each of us also has to stay up to date on our own, of course, through the Internet or pertinent publications, but we really get great support from our employer,« says Buchwald in praise of the continuing education opportunities with which TÜV Rheinland provides her. Five days per year are even mandatory – but sometimes it can also be considerably more, if necessary. »After all, it takes more than just friendly service to earn the customer's trust – above all, we have to provide competence.«

So there'll be no boredom for Buchwald in the foreseeable future. She's already set her next career objective: to gain as much experience as possible as fast as she can, and then dispense with the »with Sub-authorities« part of her job title. Not least on behalf of her business card, which will be eternally grateful to her for lightening its load. And then? She plans to cross that bridge when she comes to it, because fortunately



there's no predetermined career path for qualified experts at TÜV Rheinland. An assignment at the TÜV Rheinland Competence Center Classic Cars in Düsseldorf, Germany, would surely be an attractive option – even attractive enough to lure the proud resident of Cologne away from her favorite city.

In her free time, Buchwald unwinds by tinkering around with – what else? – cars with history. She kept her beloved first-ever Golf from 1991 as a set of wheels for special occasions. Her other project, however, isn't quite roadworthy yet. Together with her husband, she is restoring a Volkswagen T2 minibuss commonly known as a »Bulli« here in Germany. It is destined to become a home on wheels, one ton of motorized freedom. The sort of freedom that the couple recently enjoyed during a motorhome trip in the United States. But their Bulli will never have to take them quite so far as that. Perhaps someday to the legendary MaiKäferTreffen event for classic Volkswagen vehicles in Hanover or to some other classic car rally. And who knows? Maybe while she's there, she'll even encounter some of the treasures she examined at the motor vehicle inspection center on Frankfurter Street in Cologne-Mülheim.

Keeper of the Chrome Jewels

Qualified expert assessor and classic car expert Norbert Schroeder has been the head of the TÜV Rheinland Competence Center Classic Cars in the Classic Remise Düsseldorf since 2013.



HIGHLY ESTEEMED EXPERT

Norbert Schröder – an expert with a connoisseur's discerning touch.

Mr. Schroeder, where does your passion for classic cars come from?

I practically grew up on the maintenance depot of a bus company. My playground was the workshop. A 1957 Setra bus with its extraordinary rounded-off edges and its panoramic windows conquered my heart. When I finally got my driver's license, my English teacher just happened to be selling her MGB. I shelled out 300 marks for it, despite the terrible reputation they had back then as nothing more than unreliable British junkers. Because to me it was the very essence of the British driving experience. Ever since then, yesterday's cars have always inspired me more than today's cars.

What services do you offer at the Competence Center Classic Cars?

In a nutshell, we've combined the complex knowledge from over 100 years of automotive construction here, ranging from the typology to the technical data all the way to the monitoring of latest market trends. All of the information necessary to perform our services, such as vehicle inspection, title documentation, expert valuation and damage assessments, preservation of evidence, etc. And we also provide consulting services to museums, associations, trade journals, auction houses and private collections.





**CLASSIC REMISE
DÜSSELDORF**

Rhenish automotive
cultural heritage center

Original condition – how flexible is the expression when it comes to classic cars?

The expression »original condition« means that everything is like it was when it left the factory, except for ageing and for the wear caused by the normal usage of an automobile. Unfortunately, »original condition« is often confused – also by so-called experts – with the designation »corresponding to, or recreated based on, the original«. There are descriptions that read »Original condition, first-class restoration«, for example, or »Original condition, completely rebuilt ten years ago«. These are self-contradictions, but they persist tenaciously in the classic car milieu.

In your opinion, which era produced the most beautiful cars?

Creative designs first appeared in the mid-1920s and reached their peak in the 1930s. At that time, the automobile was understood as a work of art with little concern for the limiting design factors of safety and fuel economy.

Can classic cars truly be considered as a serious form of financial investment?

The media landscape has catapulted classic cars into the investment market with headlines such as »Garage gold« and »Classic car prices overtake the stock market«. This was triggered by the exploding prices of valuable classic automobiles sold at auctions. But the phenomenon involves only a few historic racing icons with acquisition prices in the millions of euros. It applies less to everyday classic cars in the price range of 10,000 to 80,000 euros, because storage, maintenance and care can eat up any profit. So financial investment, yes, but you have to start out with sums in the high six-digit range, and both the originality and the quality of the car have to be guaranteed. This is where the Competence Center Classic Cars can play an advisory role.

»The seat of a sports car is the only place where you can look down on others from below.«

Robert Lembke | TV game show host

From your perspective, which of today's new cars have a great classic car career ahead of them?

The cars that already attract attention when they first appear on the market, whether through their design, technology or exceptional performance. In the area of super sports cars, this would definitely include the Ferrari F12, the Ferrari 575 Superamerica, the Alfa Romeo 8C, the Mercedes-Benz SLR, Sterling Moss and the BMW Z8.

When you get off work, do you also drive around with your own historic »H« license plates?

Having enjoyed the British and German 1960s in the form of the MGB, the Jaguar E, and the Mercedes 190 SL, and the Rallye period of Opel in the form of the Kadett B and C as well as the historic dream motorcycles from Indian and BMW, I've been taking a break from classic cars in my personal life since 2010. But my next H-plates might decorate an open roadster from the early 1930s.



RESPONSIBILITY

CSR MANAGEMENT

SUCCESSFULLY SUSTAINABLE – SUSTAINABLY SUCCESSFUL

The reputation of the company and the TÜV Rheinland brand is one of our most valuable corporate assets and the foundation of our business success. Credible, sustainable action makes an inestimably vital contribution to maintaining and further increasing trust in the TÜV Rheinland brand.



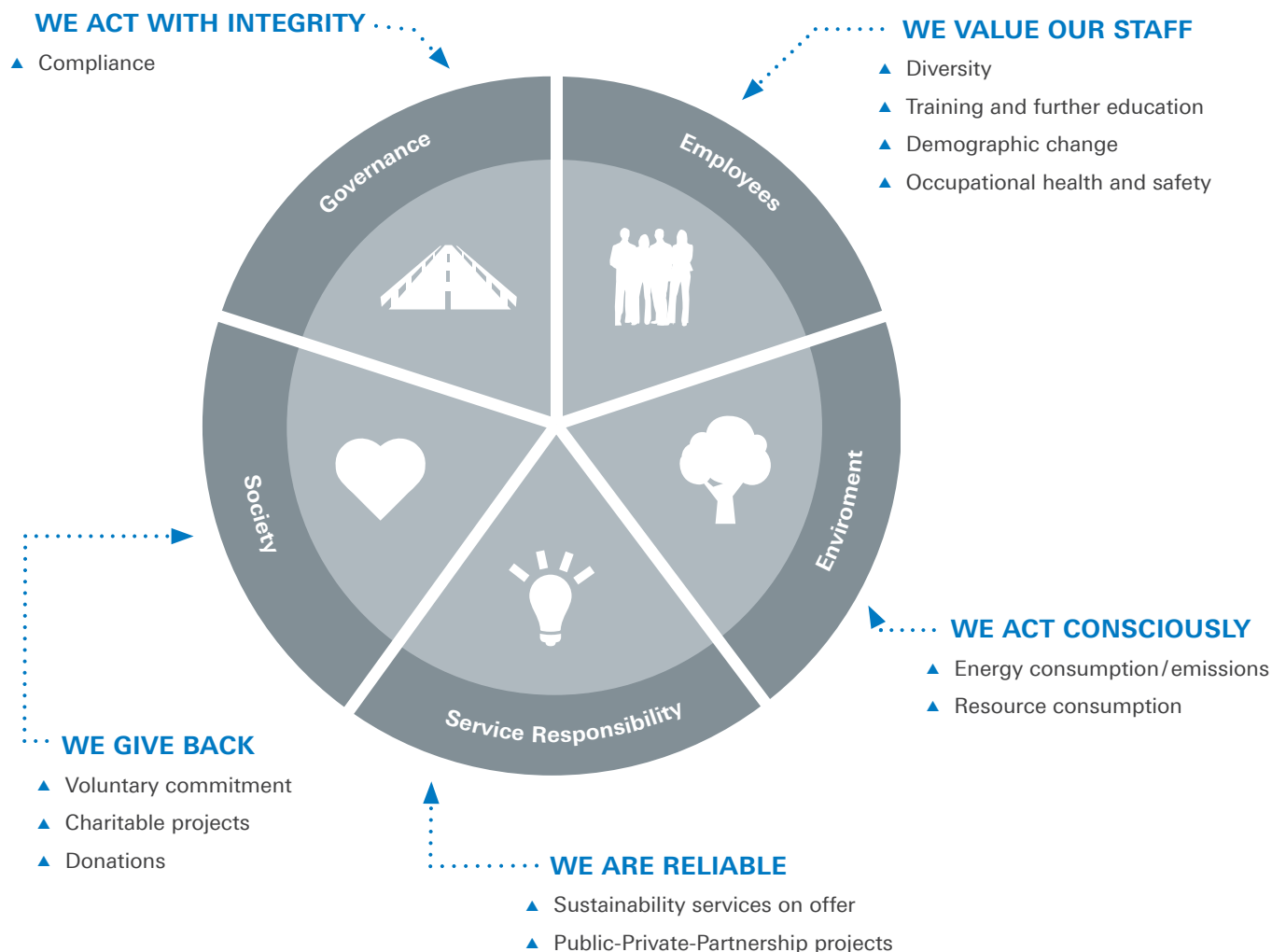
In this context, the ten principles of the UN Global Compact form the framework of our values. They promote sustainable action, and therefore serve as a guide for each and every one of our employees. This applies in particular to the regulations and declarations on human and labor rights, the preservation and sustainable protection of the environment, and combating corruption. We are firmly convinced that the UN Global Compact principles must play a greater role in everyday business activities. So beyond our commitment to the Global Compact, we are taking an active role in the German Global Compact Network (DGCN), which, with its some 270 participating companies, has meanwhile become the second largest network of its kind worldwide.

Sustainable action also means, in no small measure, transparent action. With a new, broadbased information campaign, we aim to give all of our stakeholders an even clearer picture of who we are, how we work, what we test, inspect and certify, and who monitors our work. Several instruments were developed over the course of the period under review, including a separate rubric dedicated to transparency on our corporate website and the book »Prüfer prüfen« (»Inspecting Inspectors«), which is available in German from booksellers. Hand in hand with the externally directed information campaign, an internal, systematic analysis examined how we handle reputation risks which arise from our business activities.

Our guiding principles support our ambitious goal of being the world's best sustainable and independent service provider for testing, inspection, certification, consulting, and training. With its key areas of activity in five dimensions, our sustainability strategy helps us get a little closer to achieving this objective every day:

- ▲ In the area of governance, we are creating conditions to ensure that we act with integrity throughout the organization, thereby safeguarding trust in the TÜV Rheinland brand – one of our greatest assets.

THE SUSTAINABILITY STRATEGY'S KEY AREAS OF ACTIVITY



- ▲ With our sustainable human resources management, we are securing and reinforcing the most important success factor of all: the qualifications, motivation and health of our employees.
- ▲ By organizing our consumption of energy and resources more efficiently, we are not only helping to protect the environment, but also making the Group more efficient, and therefore more profitable.
- ▲ Within the framework of our social commitment, we actively promote fair living and working conditions, environmental protection, and education and science all over the world; in so doing, we make our contribution to the creation of social conditions which ultimately also promote economic success.
- ▲ As a significant multiplier, we use our services to provide support to our customers throughout the world, helping to make their products and processes more efficient, more sustainable, and thereby ultimately more viable for the future – and making ourselves their valuable partner as a result.

We consistently direct our sustainability strategy, and the sustainability objectives and measures derived from it, toward topics of special relevance, both to us from our internal perspective and to our stakeholder groups.

Concerning the workforce and the environment, we have additionally set the following concrete goals:

- ▲ We want to make management more international and increase the number of female managers.
- ▲ Using our 2010 levels as a starting point, we want to reduce our specific CO₂ emissions by 25% and our energy consumption per employee in Germany by 20% by the year 2020.

In order to make these goals part of our operational reality, we have developed and implemented a large number of measures. In addition to corporate initiatives, this also includes many local and regional projects, with which we specifically address local circumstances and needs. Reports about our progress and successes appear both in the section about employees starting on page 58 as well as in the »Environment« section starting on page 70 of this corporate report.



Our test mark for greater transparency: with keyword and QR code.

AN EXPRESSION OF GENUINE SERVICE RESPONSIBILITY

As a consumable item, printer cartridges are not exactly the kind of thing that consumers spend a lot of time thinking about. And so most consumers are also unaware of the altogether serious health risks that can lurk within those very same printer cartridges. Above all in order to win over large customers who have to equip thousands of workplaces with safe devices that present no health risks, the South Korean industrial giant Samsung began having the toner powder used in its printer cartridges investigated by TÜV Rheinland in 2014. Tests verify whether the values for indoor air are below the threshold values for the concentrations permitted at workplaces. When the material passes the test, the cartridges can bear our test mark with the keywords »tested for harmful substances« and »emission tested«. Our test mark serves as a powerful sales argument above all because Samsung opted for the Certipedia Premium ID on our certipedia.com portal: So consumers, dealers and manufacturers can use it to find out exactly what the mark actually represents – anytime, anywhere. But we, too, as an inspecting body, benefit from this high degree of transparency, because certipedia.com enables the general public to understand at all times what services we provided.

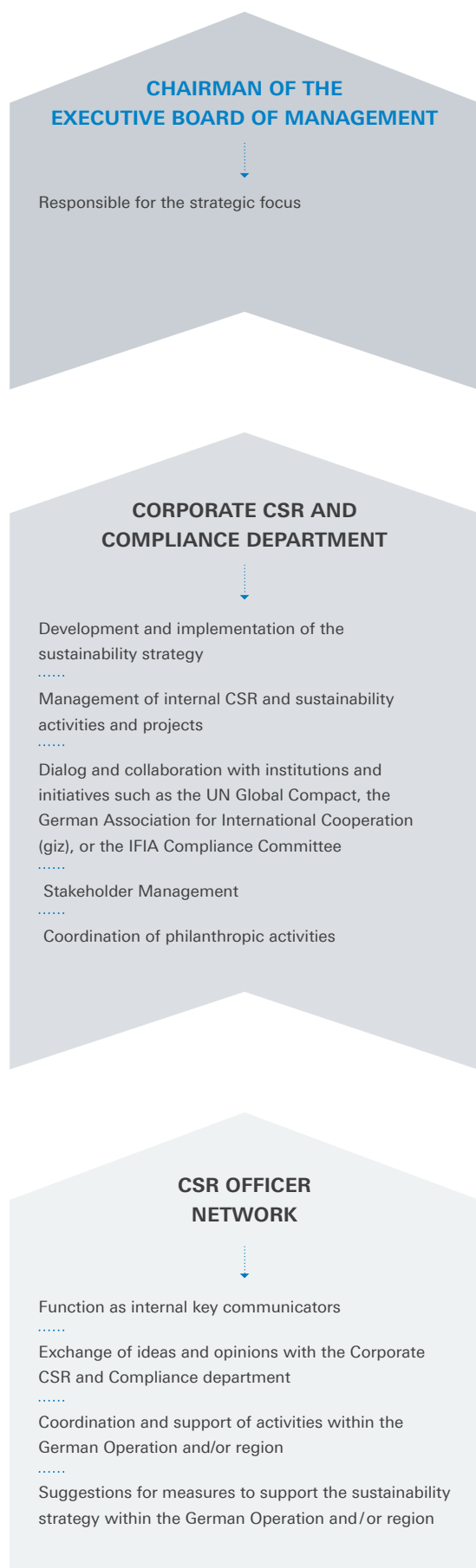
SUSTAINABILITY ACTIVITY DAYS

With the aim of promoting commitment to sustainable development by means of a bright palette of actions throughout Germany, every year the government-appointed German Council for Sustainable Development (RNE) calls on everyone to participate in the German Sustainability Activity Days. Everybody can take part, from schools, churches, companies, associations, initiatives, non-governmental organizations, government agencies and kindergartens, to individual citizens – basically everyone who wants to do something to improve environmental and climate protection in their everyday lives, or to strengthen the social fabric, or to promote fair trade and production conditions.

With a participant profile like that, we're only too glad to take part. And so it was that TÜV Rheinland dedicated the week of June 23–29, 2014 to the topic »Sustainable Lifestyle«. Every day, the company's corporate portal »blueye« provided interesting new information to our employees, with tips on how they can travel, shop and eat more sustainably. The core message: Everyone can make a contribution, and as a general rule, it's even easier than you might think.



23.–29.6.2014
Deutsche
AKTIONSTAGE
Nachhaltigkeit



ORGANIZATION AND MANAGEMENT OF OUR CSR ACTIVITIES

At TÜV Rheinland, the Corporate CSR and Compliance department is responsible for managing topics relative to CSR and sustainability. The Group's Global Head of CSR & Sustainability reports directly to the Chief Executive Officer. As a central control center, the CSR and Compliance department formulates, communicates and monitors our sustainability strategy from the headquarters in Cologne, Germany. The department manages all corporate CSR-related projects, initiates both internal and external activities, and is responsible for reporting within the context of the corporate report vis-à-vis the UN Global Compact. 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, in turn, about local and department-specific activities. Everyone involved exchanges experiences and shares information and best practices on a regular basis.

PARTICIPATION WELCOME

As already indicated at the outset, we incorporate the suggestions and feedback of our stakeholders – with regard to the objectives we set and the measures we initiate, as well as projects we have already completed – into the process of shaping and further developing our corporate and sustainability strategy. Accordingly, we place high importance on the use of a broad spectrum of tools and channels to establish and maintain our dialog with them.

One of the most important measures in that context is our stakeholder survey, which we conducted already for the second time in 2013. In that survey, we always take special care to give extremely comprehensive consideration to our stakeholder groups and to involve, to the appropriate degree, representatives of all groups connected with us. Over 3,000 customers, suppliers, employees, representatives from the world of science, and members of non-governmental organizations (NGOs) took part in our last survey. Our customers and employees were the two most strongly represented stakeholder groups, comprising 39% and 28% of participants, respectively.

Three quarters of those surveyed confirmed that sustainability is of key importance to our

corporate strategy. They view compliance as the strategically most significant area of activity, but our stakeholders also accord a (very) high level of importance to reducing our energy consumption and emissions. The list of high-priority topics was rounded out by training and further education, as well as occupational health and safety, along with adherence to human rights and the employees' work-life balance. A glance at our sustainability strategy with its key areas of activity and at the initiatives we championed with particular dedication during the year under review shows that, at

TÜV Rheinland, our alignment with stakeholder requirements constitutes more than mere lip service.

The »together« survey which we conduct at two-year intervals is directed toward our employees and described in detail in the »Employees« section starting on page 58 of this corporate report. And last but not least, of course, our commitment to numerous national and international networks as described in greater detail hereinafter also represents a key component of our stakeholder dialog.

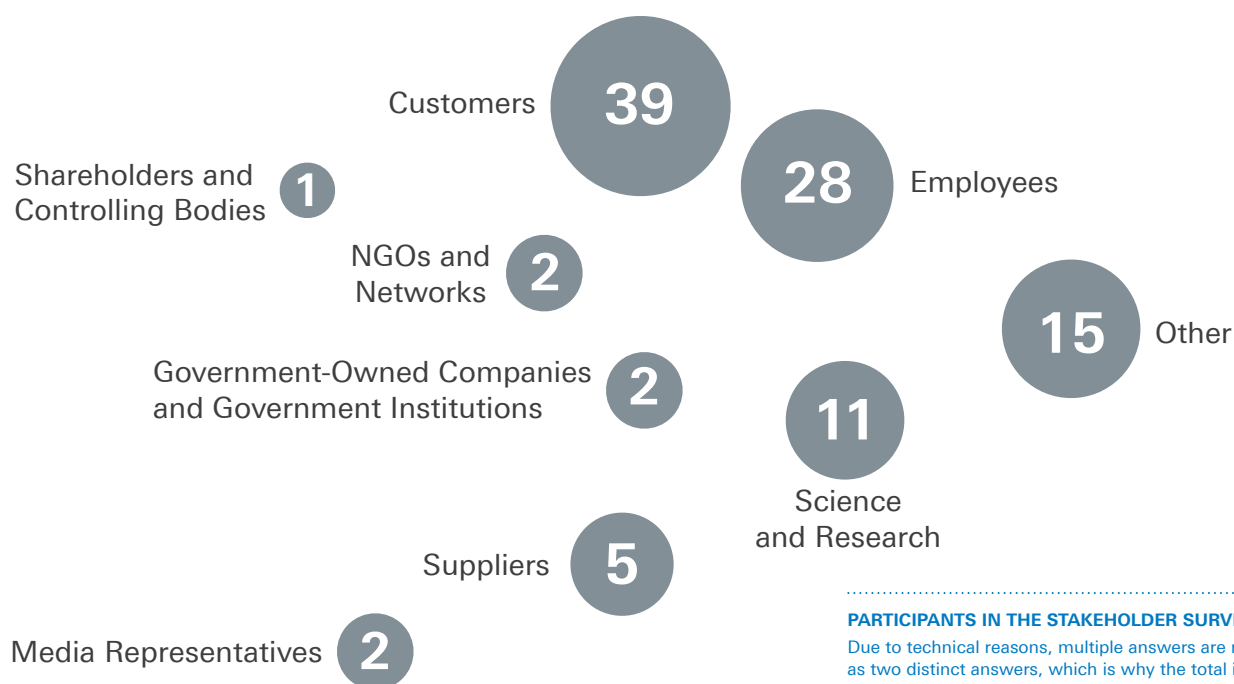
OVER 3,000 PARTICIPANTS

75% say that the topic »sustainability« is (very) important to the corporate strategy of TÜV Rheinland

Compliance is the most important strategic sustainability topic

Over almost **80%** see **energy reduction** and **emissions reduction** as a (very) important topic in corporate environmental management

The topics training and further education, occupational health and safety, and adherence to human rights and the employees' work-life balance were **(very) important** to those surveyed



MEMBERSHIPS AND NETWORKS

Along with our commitment to the UN Global Compact and our active role in the German Global Compact Network (DGCN), there are many other important initiatives in which we work together with other companies and political or social actors to achieve common objectives and solutions.

- ▲ The International Federation of Inspection Agencies (IFIA) sets worldwide standards for the entire sector as the umbrella organization of global inspection services providers. Our membership enables us to maintain strong industry-specific links to ethical and compliance-related topics and forms the framework of our compliance management system. As one of the five largest members, we are represented on the Executive Board and in almost all expert groups.
- ▲ The most important European association for our industry is the CEOC (Confederation of Inspection and Certification Organisations). It 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. Stephan Schmitt, member of our Executive Board, was appointed to the executive board of the CEOC at the Annual Shareholder's Meeting in 2014. Other employees of TÜV Rheinland also take an active part in various expert committees of the organization. Moreover, we will host the CEOC annual conference in 2015.

- ▲ The German TÜV inspection and certification organizations have, in turn, joined together to form the TÜV Association (VdTÜV), which ensures that their interests are represented at the national level. TÜV Rheinland is represented in the executive committee by Chairman of the Executive Board of Management Dr. Michael Fübi.
- ▲ Furthermore, TÜV Rheinland is also a member of the TÜV Markenverbund e.V. association, an alliance of technical inspection associations, which has set for itself the primary objective of protecting and maintaining the value and the reputation of the »TÜV« brand.



A TRULY PIONEERING COMMITMENT

Where is the German Global Compact Network headed? Which topics require the most urgent attention? Where should we focus our efforts? Questions that TÜV Rheinland has been examining very closely for about a year and a half now. Because since October 2013, our Manager CSR & Sustainability has been serving on the steering committee of the German Global Compact Network (DGCN). There she is working – together with representatives of other companies, representatives from organizations in the realm of civil society, and participating federal ministries – to formulate the strategic direction of the continuously growing network. As a thematic sponsor, her key contributions to the work of the DGCN include our comprehensive expertise in the areas of environment and anti-corruption. The thematic sponsors develop coaching programs for the member firms, and initiate publications, lectures and presentations. Moreover, as a member of the DGCN foundation's advisory board, our Manager CSR & Sustainability keeps an eye on the responsible and effective use of the donations that the network receives.

COMPLIANCE

WE ACT WITH INTEGRITY

As a globally active testing and inspection service provider, compliance is extremely important to us. For TÜV Rheinland, compliance means that corporate management and the workforce act in accordance with statutory regulations, in-house requirements and voluntary commitments. In so doing, we aim to warrant the trust that our customers and business partners place in us. The general managers of all of our subsidiaries worldwide are required to confirm that they have operated in accordance with the compliance program and reported any violations to the responsible compliance officer. Our daily work upholds the values anchored in our principles: expertise, reliability, incorruptibility, independence and openness. We implement this overarching notion of compliance through our corporate compliance management system.

COMPLIANCE ORGANIZATION

The Chief Compliance Officer heads our compliance organization from the Corporate Compliance department. He reports directly to the Chairman of the Board of Management of TÜV Rheinland AG but is not bound to his directions. The highest decision-making body for compliance issues within the Group is the Compliance Board. In regular meetings, it takes decisions concerning the further development of the system, specific compliance cases, and any measures to be derived from them. We have established an active worldwide network of compliance officers currently comprising 67 employees. In this way, regional, local and German Operation compliance officers are named, who are available to all employees as competent contacts and can provide a comprehensive range of advice. In order to ensure continuous exchange among compliance officers, we have established a virtual monthly meeting in which current topics and issues are discussed. As in past years, in 2014 we also organized, together with the Corporate CSR department, a Global CSR and Compliance Officer Meeting in Cologne, Germany. Participants from seven regions around the world were invited

to the one-day meeting, which focused on how to deal with reputation risks. In view of the positive resonance and the experience gained, we are already planning the next Global CSR and Compliance Officer Meeting for 2015.

COMPLIANCE PROGRAM

The company's compliance program comprises, among other things, several guidelines which apply throughout the Group. We have compiled the most important binding compliance documents in both German and English. Some are also available in other languages:

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

Many of these documents are available to our employees on the company's intranet. Moreover, we have published some of them on the Internet and familiarize our new employees in Germany with them as soon as they join the company.

In order to raise all employees' awareness of compliance issues, we make use of a suitable e-learning program throughout the Group. Of the employees and managers active in our workforce today, more than 14,000 have successfully completed the e-learning course. New employees who join the company in Germany are informed about our compliance organization and the importance of the subject in a two-day orientation seminar entitled »New at TÜV Rheinland«. When entering into business relationships with TÜV Rheinland, procedures require suppliers to accept our general purchasing terms and conditions. Within the scope of these terms, suppliers agree to adhere to applicable laws and ordinances and to the principles of the UN Global Compact in the areas of human rights, labor standards, environmental protection and anti-corruption measures.

Along with preventive measures, we react to any compliance violations with the requisite consis-

For our stakeholders, compliance is the most important strategic sustainability topic.

tency and resolve. The procedure here follows a standardized process which is transparently specified in a guideline that applies throughout the Group. Within the scope of that guideline, we reserve the right to take legal action – under both criminal and labor law – in case of employee misconduct. No fines or government sanctions were levied against any companies of the TÜV Rheinland AG Group for non-compliance with laws and regulations in 2014.

The Corporate Compliance department works very closely together with the Internal Audit department. There is a regular exchange between the two corporate departments, for example, and compliance issues form part of Internal Audit's current list of audit items. In this way, we verify that compliance requirements which apply throughout the Group are also implemented on a local basis.

In the past year, the worldwide compliance officer network processed a total of 229 compliance issues. The corporate compliance department handled 92 of those issues. The queries submitted to us concerned the following thematic areas in particular:

- ▲ Acceptance of invitations and gifts
- ▲ Establishment of business relations abroad
- ▲ Declaration of Commitment to Compliance
- ▲ False testing / expert assessments
- ▲ Personnel issues
- ▲ Sensitive business relationships
- ▲ Sponsoring
- ▲ Data privacy

The cases of suspected misconduct involving criminal law subject to review by the corporate compliance department could be classified into the following thematic areas:

- ▲ Corruption / bribery
- ▲ Fraud
- ▲ Forgery of documents

In the majority of compliance cases, our employees contact the responsible compliance officer directly. In addition, there is a compliance helpline available to all employees, to which they can turn when they would like to notify the company of misconduct. The helpline is staffed by a law firm which has offices all over the world and is obliged to maintain confidentiality.

In addition, we supported four M&A projects from a compliance perspective and conducted compliance due diligence prior to the acquisition of companies for TÜV Rheinland. Compliance is also an important element in the integration of companies into the TÜV Rheinland AG Group. The companies to be integrated must implement the binding compliance program of TÜV Rheinland, for example, and explain it to their new employees.

ANNUAL EXTERNAL ASSESSMENT OF THE COMPLIANCE MANAGEMENT SYSTEM

Since 2009, the compliance management system of TÜV Rheinland is assessed at several locations by an external auditor. Along with two companies of the TÜV Rheinland AG Group in Germany, in 2014 we had the so-called »Agreed-upon Procedures« carried out in our foreign subsidiaries in Turkey and the Philippines. The requirements of that contract follow IFIA guidelines, and the results are reported to the IFIA. We apply the recommendations in the continuous improvement and modification of our compliance management system.

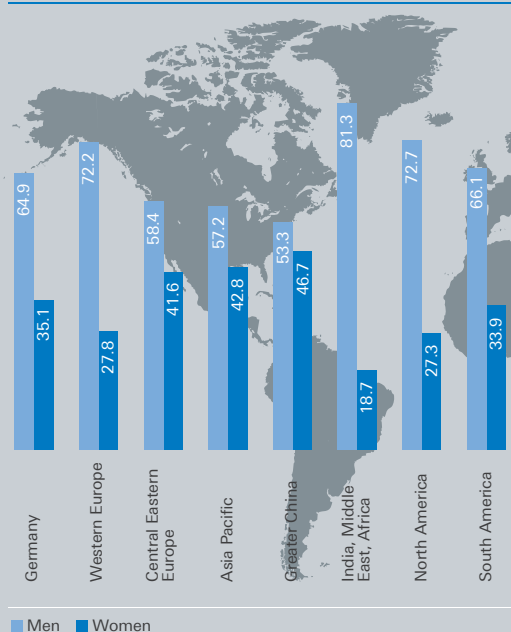
COMPLIANCE OBJECTIVES

We also want to continue to develop our compliance management system in 2015, of course, and to concentrate our efforts in particular in the areas of business partner analysis and communication.

Our compliance management system adheres to the requirements and principles of the IFIA.

KEY EMPLOYEE DATA*

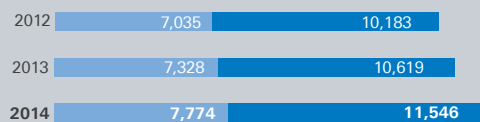
Total Workforce by Gender
in %



Men Women

The majority of our workforce is male, 36% of the Group's employees are female. The share of full-time employees is over 91%. Throughout the Group, we employ people from at least 82 countries.

Employees in Germany and Abroad



Germany Abroad

Over the course of 2014, we employed an average of 19,320 people (previous year: 17,947). Our workforce outside of Germany grew by 8.7% to a total of 11,546 employees, thereby continuing the recent trend towards an increasingly international workforce.

Employee Turnover (Germany)**
in % / per capita



Employee Turnover (Group)***
in % / per capita



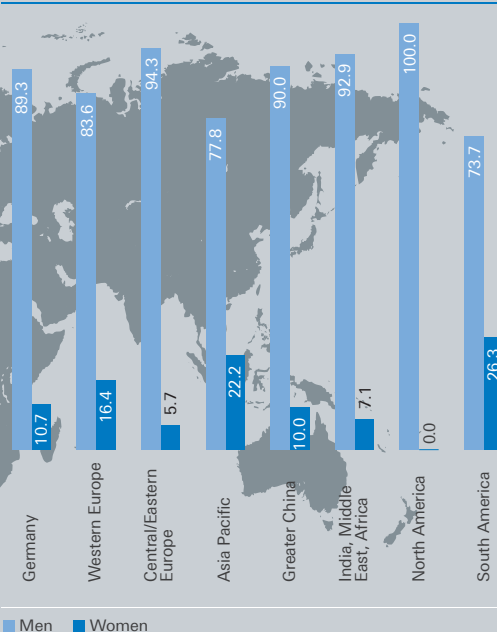
At 10.2%, the employee turnover rate across the Group is relatively low by global standards. In Germany, it is even lower, at 6.1%. With regard to departures from throughout the Group, 61% of those who left were men and 39% were women.

* All employee data are based on full-time equivalent cutoff date figures (12/31/2014). Deviations from this practice are stated in the text. The data collected covers over 90% of the total. The deviation from 100% results from differences due to rounding off.

** Due to modified evaluation methods, values cannot be compared directly with those of the previous year.

*** Two companies in the Group region South America, which are essentially involved in project business, were omitted from the calculation of the Group turnover rate. The unadjusted turnover rate is 15.4%.

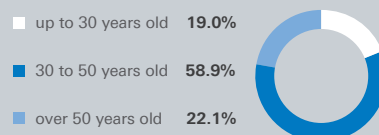
Management by Gender
in %



Men Women

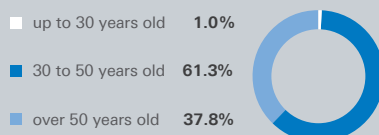
Across the Group, 12.7% of all management-level positions were held by women. Due to the successive standardization of management definitions and personnel systems, comparisons with the previous year are only possible to a limited extent. With the creation of a uniform information base, we will be able to track progress toward achievement of our targets in the area of diversity in management positions worldwide starting from 2015.

Age Distribution of Total Workforce
per capita



Most of the employees (nearly 60%) are between 30 and 50 years of age, whereby that age bracket constitutes 56% of the workforce in Germany and 61% of the workforce outside of Germany.

Age Distribution of Management
per capita



The age breakdown of the workforce is mirrored at the management level. Most of the managers are also between 30 and 50 years old.

FACTS AND FIGURES

Our team at a glance

Our workforce once again grew steadily over the past year: We had an average of 19,320 employees in 2014 (previous year: 17,947 employees). Our workforce outside of Germany grew by 8.7% to a total of 11,546 employees, thereby continuing the recent trend towards an increasingly international workforce. But the number of employees in Germany increased over the previous year as well, rising from 7,328 to 7,774.

For a growing business, high employee loyalty – and as a result, the safeguarding and development of knowledge – is one of the key objectives in human resources. Compared with the average figure for the German economy, our turnover rate of 6.1% in 2014 remains low. Across the Group, the turnover rate is 10.2%.

At about 85%, the percentage of full-time employees in Germany was about the same as in the previous year – and outside of Germany it was even higher: 96%.

Whether measured by regional origins, cultural background, professional qualification, age or gender – our workforce is diverse in many respects. Worldwide, dedicated people from at least 82 nations work for TÜV Rheinland. It is our declared objective to have our management-level staff reflect that diversity to an even greater extent in the future. And it is also with this in mind that, when selecting from among equally qualified candidates to fill management positions at our international locations, we favor local personnel. We also want to achieve a significant increase in the share of women in management positions. That share is currently 10.7% in Germany and 14.5% abroad. Overall, women constitute a full 35% of our workforce in Germany and abroad. Most of our employees in Germany – nearly 56% – are between the ages of 30 and 50. Abroad, that figure stands at over 60%. Our employees' level of education in Germany continues to be high, with 56% holding university degrees.

EMPLOYEES

WE VALUE OUR STAFF

Mission: Growth with structure

In a company like TÜV Rheinland, where success depends so much on the expertise, innovative strength, integrity and commitment of its employees, sustainable human resources management is one of the most important strategic pillars. Because it is clear that we cannot achieve significant business growth without growing our global team at the same time. The years ahead will bring dynamic change. Our human resources activities are designed to promote that dynamic change, while giving it the required structure – and thereby, stability – at the same time. In so doing, we take responsibility for our employees and never lose sight of our ambition to embody an open and appreciative corporate culture. Our work in this context focuses on four fields of activity derived from our sustainability strategy:

- ▲ Diversity
- ▲ Training and further education
- ▲ Demographic change
- ▲ Occupational health and safety

The first of those four focus areas also reflects, in no small measure, two basic goals of our sustainability strategy: increasing the international setup of our management ranks and raising the share of female managers.

Time for an upgrade

Today 60% of our employees work outside of Germany, and as a consequence our human resources management has a more global character than ever before. This presents us with a two-fold challenge: to define global standards for TÜV Rheinland, but also to develop culture-specific and business-specific solutions for individual locations throughout the world at the same time. In order to further standardize our human resources systems and to lay the cornerstone for the development of global career paths – and of specialist career paths in particular – we introduced a position evaluation system in 2014 within the framework of the Upgrade Project in nearly all companies and locations of TÜV Rheinland.

We opted for the proven »Global Grading System«, which many leading companies have already successfully implemented. With this system, we evaluate all positions based on seven requirement-related criteria, including business knowledge, problem-solving competence, communication skills and specialized knowledge. It provides not only a high degree of transparency, but will also represent a key aspect of our personnel infrastructure, enabling us to come to terms with an ambitiously high level of growth in coming years. The standardized information base will make it possible for us to seamlessly track progress toward achievement of our targets in the area of

diversity in management positions worldwide. Over the course of 2015, we will also complete the implementation of the system in the remaining companies and in the newly acquired and restructured businesses and operations. Every position in our organization will then have a Global Grade assigned to it.

Always free to speak one's mind

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. In this context, giving and receiving feedback is both a right and duty of all – regardless of their hierarchical position. A clear understanding of the expectations and views of our employees as one of our key stakeholder groups is important to us. Moreover, we are perfectly aware that differences between theory and practice may arise in a rapidly growing, constantly changing organization like ours. For this reason, the specifically targeted reinforcement of our feedback culture has become a strategic focus of our human resources management. In so doing, we can draw on a whole series of now well-established dialog instruments.

At two-year intervals, for example, we use our global employee questionnaire »together« to survey our workforce anonymously about topics concerning the entire Group. And in some regions we have already established supervisor feedback programs, which allow each employee to evaluate their direct supervisor. Every year, we have a discussion with our top-level managers in a so-called »Management Review«, which also examines, among other things, succession and potential candidates. In Germany, our employees in some areas have the possibility, in addition to the structured performance review, which is mandatory across all levels of the company, to participate in a goal agreement/performance evaluation meeting.



CHANGE – POWERED BY »TOGETHER«

Can one figure express just how seriously we take our employees' suggestions and criticism? We think so. A full 718 measures have been implemented in response to the worldwide employee survey we conducted in 2013. More than half of those were completed by the end of 2014, and about one third of them are ongoing measures without any specified completion date. Too many statistics? Then maybe the following example will be more convincing:

To enhance cooperation and optimize feedback and information processes, individual teams or companies implemented a whole series of effective instruments. Within the framework of team-building events, our employees had the opportunity to interact and get to know one another better outside of their usual work environment. Regular personal feedback rounds and newsletters keep the information flowing. Employees without supervisory responsibilities also periodically lead personnel development reviews. And in departments where »together« revealed an especially pronounced dissatisfaction, conflict management workshops and other measures provided a common basis for achieving an improvement in the existing situation.

DIVERSITY

Actively committed to more diversity

Today TÜV Rheinland already brings together people from at least 82 nations to form a strong team that spans 66 countries. We see this diversity as a strength – and we want to build even further on that strength as we proceed with plans to grow our business. Because companies that rely on diversity are more successful in business and more attractive to potential employees – and in the proverbial »war for talents« that also puts them in a better position to win over enough well-qualified young talent, specialists and managers. Moreover, we let ourselves be guided by the idea of a value-based and open corporate culture. That's why diversity is extremely important within the framework of our strategic objectives. Specifically, we aim

- ▲ to staff our essential decision-making bodies with the broadest possible range of nationalities,
- ▲ to promote the employment of women, especially in management positions, and
- ▲ to create a work environment for our older, experienced employees which is suited to their individual capabilities.

Our signing of the »Diversity Charter« in April 2013 marked the start of our diversity initiative. The »Diversity Charter« is not restricted to Germany, by the way. Under the coordination of the EU, diversity charter initiatives have also been established now in other European countries – in Italy and Spain, for example. Our local subsidiaries there have also joined the group of signatories.

The large number of activities initiated since then eventually found an organizational home in 2014 in the form of our »Diversity & Inclusion« department – into which, by the way, our previously autonomously managed Social Services department has been merged. In a total of five focus areas, the department will be responsible for both strategic development and the operative implementation of measures and instruments.

In order to intensify the topic of diversity in all of its facets, we have, together with 15 other large companies from Germany's Rhine-Ruhr region,

AWARDS IN 2014

Total E-Quality

For our extensive range of measures to promote equal opportunity for men and women, we received the Total E-Quality mark from the organization of the same name. It remains valid for three years and is based on a voluntary self-check.



Top Employer

For the seventh time in a row, we were recognized by the Top Employers Institute as one of the leading employers in Germany. In the category »Secondary Benefits & Work-Life-Balance« we placed among the top ten of the 125 companies rated, and in the area »Corporate Culture Management« we were even ranked second.

Human Resources Excellence Awards

We were one of four companies to be recognized by the renowned Human Resources Excellence Awards 2014 in the area of Occupational Health Management. The jury was persuaded by, among other things, our diverse range of health promotion offerings.



Happy Company

TÜV Rheinland Hong Kong earned the right to display the »Happy Company« logo of the Happy Workplace Campaign for another year. It honors companies that make a special effort to create a pleasant work environment for their employees.



Women's Career Index

In the »Frauen-Karriere-Index« (»Women's Career Index«), an initiative of the German Federal Ministry of Family Affairs, Senior Citizens, Women and Youth, TÜV Rheinland placed 8th among more than 100 companies. The index is the first objective and transparent benchmark of its kind for measuring the quality and success of programs to promote women in German companies.

DIVERSITY WINS.

In 2014, this was the motto of the fourth edition of our creative action »Kunst von uns. Art by us.«, inviting employees from all over the world to submit their very personal photographic interpretation of diversity. Out of an extremely diverse group of some 150 entries, an international jury ultimately crowned three winning photos. Not only can the 35 most exciting pictures be admired on our website, they also went on a world tour in the form of an exhibition.



Award-winning submission in the creative contest on the theme of »Diversity«.

launched a new dialog forum. In June 2014, some 100 managers from the participating companies met to exchange experience under the banner »Using diversity – harvesting successes«. In smaller groups, they discussed topics such as »Recognizing talents – dealing with stereotypes« and »Success factors in diverse teams« and »Work environments of the future«.

A key role in the targeted promotion of women at TÜV Rheinland in the future will also be played by the Women's Network. Through a wide range of projects, activities and workshops, this network promotes dialog between women at TÜV Rhein-

land across national borders. In so doing, it creates a strong forum for their concerns and interests, and supports them in their professional development as specialists or managers. Over the course of 2014, the bi-monthly business meeting and the monthly Ladies' Lunch have become regular appointments in the calendars of many female employees at several locations in Germany. The series of presentations entitled »Women's Network on Tour« made a stop in Berlin with the topic »Career. Children. Worklife balance.« For 2015, a presentation is already scheduled to be held in Kaiserslautern, Germany.

Given the virtually unanimous positive resonance in response to the respective pilot projects, both our own in-house mentoring program »TAFF« (see sidebar) and the power teams formed in collaboration with the European Women's Management Development (EWMD) international network have been adopted as a fixed part of our offering designed for women. The basic concept of the power team is this: Over the course of at least one year, a group of six to eight women from different companies collaborates without the assistance of a coach, providing mutual support to one another to achieve their professional and personal goals. As planned, we also expanded our seminar series women@TÜV Rheinland with training courses on topics such as »Assertion Strategies«, »Self-Empowerment«, »Visibility in the Company – the Brand Called Me«, and »Negotiation Skills«.

Our initiatives did not focus exclusively on Germany, however. In countries like Japan and South Africa, TÜV Rheinland has already launched a wide range of initiatives to promote women, thereby often rising well above the usual standards. Nevertheless, one of our main tasks in the coming years will be to promote the development of the Women's Network International.

Balance trumps juggling

Along with the technical and personal development of suitable candidates, we have identified a second essential element as necessary to achieving our strategic objective of raising the share of women in management positions: providing extensive support to our female employees to help them reconcile their professional and private obligations.

TAFF – ON TRACK FOR ROUND 2

Plenty of open discussions, constructive suggestions and inspiring exchange of perspectives. In a nutshell: a genuine success. That's about the best way to describe the first edition of TAFF – TÜV Rheinland's mentoring program for future female specialists and managers. Over a period of one year, TAFF brought a total of 25 mentoring tandems comprising experienced managers of both sexes to meet with ambitious female employees and set a course together for a successful career as a specialist or manager at TÜV Rheinland. In the future, TAFF will be a fixed part of our program designed especially for women. But wait. Why »in the future« actually? In November 2014, the call for the second round was already issued, and more than 20 tandems embarked once again on an exciting journey.



Member of the Executive Board
Thomas Biedermann and the
Diversity & Inclusion team.

Our offerings – which are also intended for fathers, of course – include, among other things, flexible working hours, various organizational models to accommodate parental leave, and the ability to work from home. Parenthood is booming in particular – also because we are putting everything in place to assuage many expecting and/or new parents' lingering fears of a resulting career downturn. Furthermore, we place children in daycare centers and provide access to emergency childcare services throughout Germany. In Cologne, the opening of the first TÜV Rheinland Daycare Center in the summer of 2015 will result in brand new childcare opportunities for 30 to 40 children between four months and six years of age. And with TÜV Rheinland, it should come as no surprise that along with lots of movement and healthy nutrition, the pedagogical concept also includes a natural sciences curriculum.

Our Polish subsidiary provides a good example of how our employees remain integrated during and after a baby-based absence. Here – and only with the proud parents consent, of course – the in-house newsletter publishes a photo of every new member of the TÜV Rheinland family. And in order to avoid any misunderstandings upon returning to work after parental leave, all employees concerned receive an update training on par with the full new employee orientation program.



We are also actively involved in the sensitive topic of »caring for family members« – and with the requisite foresight, because we have to expect that over the long term, a significantly higher number of our employees – especially in Germany – will exercise their legal right to take leave to care for loved ones. The relevant information and advisory services we offer are resonating with more and more employees. In October 2014, for example, 50 people attended an information session at our Group headquarters in Cologne on the topic of in-patient and out-patient care. Through our partner pme Familienservice, we offer the opportunity to participate in workshops and attend presentations throughout Germany in order to learn about reconciling work and family. The topics range from living wills to dealing with the diagnosis of dementia.



TÜV Rheinland takes education seriously. There is a wide range of programs: from cook to mechatronics engineer to chemical laboratory technician.

TRAINING AND FURTHER EDUCATION

The most direct route to occupational good fortune

As the saying goes, the early bird gets the worm. That's why we emphasize the importance of persuading highly promising talent to join TÜV Rheinland at the start of their working life. This permits us to develop them into specialists and managers, and thereby cover the continuously increasing demand resulting from our growth strategy.

With the qualified operational training of young people, we also perform a social function as well. At various German locations, we offer an extremely diverse range of apprenticeship jobs: from office administrators and IT specialists, to chemical laboratory technicians and mechatronic engineers, to cooks and materials inspectors. We continue to pursue the objective of intensifying our operational training in production-oriented professions, because those are where the greatest shortages of specialists are expected in the future. It is in our own interest, of course, to build long-term bonds with capable young talents. A post-

apprenticeship hiring rate of over 90% in 2014 might serve as proof of that.

Moreover, we take responsibility for young people who, for an extremely wide variety of reasons, have a difficult time on the labor market. As a sponsor of the »Joblinge AG«, we offer them internship programs in various areas of the company – always in the hope of showing the young person, even in that relatively short period of time, an occupational prospect and strengthening their chances for the future.

We maintain close relationships with young academics at universities and colleges: We offer guided tours and lectures, take part in thematic weeks, offer specialized internships – including highly coveted foreign assignments – and supervise project assignments and bachelor's and master's degree theses. In addition, each year a total of ten students at different universities are pleased to receive financial support within the framework of the Germany Scholarship. The ulterior motive behind this commitment, of course, is also to persuade young academics to join us after they complete their studies, and thereby to extend the collective expertise of our organization.

True to the adage »better late than never« we also give employees the opportunity to earn an accredited university degree even if they only take an interest in doing so after several years on the job. Employees who have either earned their Abitur (diploma from a German secondary school qualifying for university admission), qualified as a master craftsman or technician, or completed a vocational training program with at least three years of professional experience in a technical field can earn a mechanical engineering degree in a nine-semester part-time curriculum at TÜV Rheinland Akademie while they continue to work. They can even choose where they study: With locations in Cologne, Nuremberg and Dresden, we cover a wide area. In 2014, as already in years past, we also bore the full tuition fee of €16,000 for an employee within the context of a scholarship.

The learning never ends

As a fervent advocate of life-long learning, which we consider as an indispensable foundation of our business success, we offer our employees a wide range of development and advanced training opportunities at every stage of their career. The forms of learning used comprise a richly varied mixture of classic methods such as seminars, workshops and coaching sessions as well as innovative instruments (e-learning, virtual classroom, etc.). Our e-learning platform CONECT is available for use by all employees worldwide – completely independent of their location or the time of day.

One of the key instruments we use to identify an employee's development potential – and possibly also their suitability for certain fields of

LIGHTHOUSE – ON THE PATH TOWARD A COMMON CORE

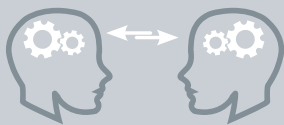
We have a longstanding tradition of working hard to support the development of our managers as well as possible. But leadership doesn't always function perfectly, as the results of our two most recent employee surveys attest. We are taking that feedback seriously, of course, and reacting with a project, the scope of which is unique for TÜV Rheinland: In the context of »Lighthouse«, we want to give all of our managers worldwide the opportunity to examine the question of leadership more intensively. Along with core content covering the management principles of TÜV Rheinland, the very clear intent is also for individuals to scrutinize their own management principles and skills. The objective we associate with »Lighthouse« is something like identifying the center of gravity of our global corporation's management principles – and in view of our company's cultural diversity, that's certainly no trivial undertaking. At the end of the three-phase process in the summer of 2015, new generally applicable management principles will serve as the basis for additional training and further education for our managers and as a benchmark which we will use to measure ourselves.



»With the Lighthouse project, we want to develop and refine management principles together with our managers. I'm confident that we can improve the individual leadership skills of our management and I'm convinced that our company and our employees will benefit from this in the medium term.«

Thomas Biedermann,
Member of the Executive Board





NO REASON TO WORRY

Which high performers will retire when? Has the transfer of know-how been organized? Will certain departments soon be staffed only by older employees and how must the work be organized then? Where can measures to promote occupational health be deployed and what steps can be taken to ensure that they also have a sustainable impact?

Especially in Germany, which is supposedly becoming a country populated by retirees, a glance at the age distribution of their workforce is keeping more and more managers awake at night. Experts from TÜV Rheinland are helping them sleep better – with demographic consultation services tailored to the specific requirements of each company. Their first step often consists of pointing out that an experienced team per se represents more of a competitive advantage than a disadvantage. Above all, older colleagues are often better able to solve complex problems. They also tend to work more thoroughly and make more rational decisions. In many cases then, even relatively small steps suffice to adapt the workplace and the processes much better to the needs of older employees. You just have to know how. But when in doubt, all you really need to know is that we know how.

activity – and to determine the appropriate development measures is called »Talent Potential Evaluation«. Direct queries at the management level also help us to track down highly promising young talents. Applicable development programs can include the Assessment/Development Center, Talent Teams, Management Development Programs, and TÜV Rheinland Management Academy modules. In the context of our comprehensive diversity initiatives, measures that promote social skills and raise awareness of an appreciative corporate culture become particularly important here. The standard program for all members of the

Talent Teams includes a social day, for example, which the participants organize together with physically and mentally disabled people. Extended assignments abroad promote, in turn, the intercultural skills of our employees to a great extent and for that reason they have long since ceased to be reserved exclusively for managers.

In the comprehensive development of our top-level managers, we cooperate within the Management Academy with renowned educational institutions such as the ESMT (European School of Management and Technology) and the SGBS (St. Galler Business School). The competences which are increasingly in demand at this level include, among other things, the ability to manage integration processes effectively and to accompany entrepreneurial change processes with confidence.

Documented Training and Further Education Days in Germany¹

	2013	2014
Trained employees	4,130	4,867
Training days for new experts	9,090	6,983
Seminar days for new employees	1,176	1,186
Advanced training days	14,986	15,674
Total training and further education days	25,252	23,843

¹ The chart shows data reported for 2014 which was registered within the Group for Germany by February 11, 2015.

DEMOGRAPHIC CHANGE

The knowledge transfer market is open for business

For us, demographic change presents above all the challenge of retaining for our organization the extensive knowledge of experienced employees who retire from the company. With every bit of knowledge we lose, we also lose a bit of competitiveness. Especially in the development of our technical experts, personal knowledge transfer and experience exchange are indispensable. That's why we use structured training and systematic mentoring to pursue our goal of helping as many employees as possible – including younger employees in particular – to become proven experts and knowl-



edge communicators in their field of expertise. As the past teaches us, our experienced employees also benefit from the fresh perspective and approach of their younger colleagues. Involvement in networks, working groups, and specialty and project teams – both inside and outside of our company – also fosters the active exchange and transfer of knowledge. Accordingly, we motivate every employee to become involved in forums suited to their area of activity.

During the year under review, we created the seminar »Standortbestimmung 45 plus« (»Standpoint 45 plus«), a new offering intended for employees with many years of professional experience. Within the framework of that seminar, we discuss together with them how they might share their extensive expertise even better and more effectively in support of the change processes in our company – not least, in order to show them a whole range of new career prospects.

Along with personal exchange, of course, we also employ technological means to make our body of acquired knowledge available and usable to every employee around the world at all times. Our corporate portal »blueye« serves a key function here, using a document management system to unite all of TÜV Rheinland's information under one standard user interface.

YPC NOW ALSO GLOBAL

Companies like us that want to make their management ranks more international are well advised to start looking for suitable candidates early. The Young Professional Conference (YPC) has emerged as an extremely promising instrument to identify future strategists and leaders among our most talented young employees. We first conducted it in 2013 with participants from the Group regions of Greater China, Asia Pacific and India, Middle East, and Africa. The basic idea is to assemble selected talents from all over the world for two days to discuss global megatrends and their significance for TÜV Rheinland. In so doing, they can put their development potential to the test. The main objective of the YPC is to discover international top talents, but it also serves to generate potential new business and product ideas for our company. And since everyone knows you should never deprive anyone of a good thing, in 2014 we expanded the coverage of the YPC to the entire globe.



OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

Simply moving

Our occupational health management is outstanding (see sidebar, page 61) – not least because we always manage to generate new impulses and thought-provoking ideas in support of a basic fact that's been known since antiquity: A sound mind resides in a sound body. That's why our three-part program to promote health combines information and precautionary measures with movement and fitness offerings as well as inspiration for healthy nutrition. Following a successful start at our Cologne and Bonn locations, we are currently expanding the program to our other German subsidiaries.

In the context of prevention, movement and fitness play the principal role. Our »StartFit« program, for example, offers employees the chance to take up arms against their inner couch potato without excessive performance pressure – whether with running, yoga or back training. Regular participants are even eligible for an attractive discount from the health insurance system in Germany. At regular information and healthcare days, we inform employees about the wide range of available options and help them select the individual offerings which are right for them. The preliminary results from »StartFit« are extremely encouraging: Nearly 500 participants have already utilized these course offerings. For those who have only recently rediscovered the joy of motion, the »Just move« program bundles a wide range of offerings provided by the TÜV Rheinland athletic association. They range from classic team sports such as soccer or volleyball to sailing cruises and ski trips. In addition to that, anyone with the urge to move even more receives discounts at leading fitness studio chains throughout Germany. And we support participation in outdoor boot camps, as well.

The number of initiatives to promote a healthier lifestyle is also continuously increasing at our companies outside of Germany. Our Indian employees, for example, now make regular use of the news page at our corporate portal »blueye« to distribute health and nutrition tips.

Management by harmonization

In order to ensure the health and safety of our employees while they perform their functions, we have implemented a comprehensive Occupational health and safety management system, which applies to all of our companies throughout Germany. Moreover, it is certified as an independent management system pursuant to OHSAS 18001 for a large number of German subsidiaries.

Along our path to implementing a unified HSE (health, safety, and environment) management system throughout the Group, we made significant progress once again in the year under review.

At the start of the year, the HSE guideline drawn up by the HSE managers went into effect. It specifies, for example, how to determine which precautionary measures to take after analyzing the respective hazards of a particular job. In addition, the HSE guideline also includes clearly defined key indicators which will be used worldwide by all TÜV Rheinland subsidiaries to report occupational health and safety performance on a standardized basis in the future.

In June 2014, the first international HSE Manager Meeting was held at the Group headquarters in Cologne. All thirteen HSE managers from our regions and German Operations came together to exchange experience and to further develop the basic framework for the worldwide standardized methodology that we intend to implement for occupational health and safety and environmental protection.

In August, another ambitious project was launched: »HSE 2.0«. Its goal is to replace the predominately insular IT infrastructures in the company's HSE areas with one standardized tool throughout the Group, which will then be used to control, among other things, the areas of prevention and accident management.

Occupational Safety Germany in terms of reportable accidents

	2013	2014
Number of employees covered in %	100	100
Accidents	155	156
Accident rate*	11.68	11.31
Days lost due to accidents	3,618	3,144
Days lost due to accident per accident	23.34	20.15

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

Besides the strategic further development of our HSE management system, »everyday business« also wasn't neglected, of course. Within the framework of a comprehensive electronic training, for example, we raised our German employees' awareness of the importance of work safety in our business. In addition, over 90% of our employees in Germany have been personally briefed at least once on the specific hazards that

lie within their area of activity. One thematic focus in that connection, for example, highlighted the health risks of tripping accidents. It turns out that they result in significantly longer lost time injuries than work situations which might seem more dangerous on the surface.

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

Our worldwide HSE management system provides training courses to our employees all over the globe in order to raise their awareness of the importance of occupational health and safety in our business.

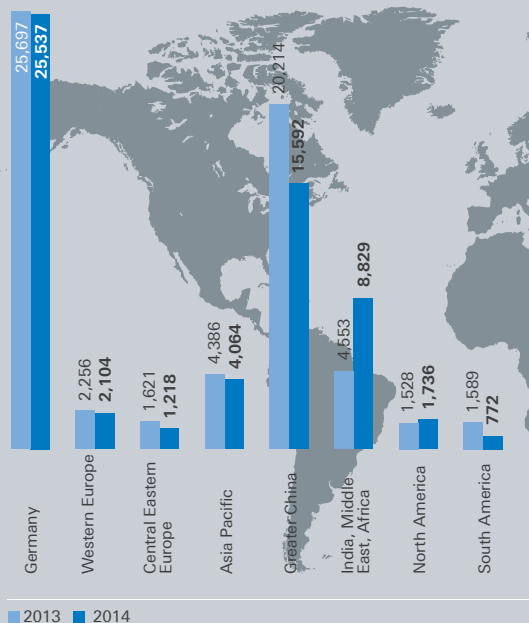
MORE POWERFUL TOGETHER

With its SCORE project (Sustaining Competitive and Responsible Enterprises) for improved working conditions, the International Labour Organization has already been actively involved in China since 2009. Meanwhile, the comprehensive five-module program has convinced more than 60 small and medium-size companies that improved working conditions in no way serve merely to increase costs. Rather, at the end of the day, better working conditions yield significantly higher productivity, and as a result, greater competitiveness as well. At first glance, that's good news. Considering the umpteen thousands of comparable companies in the Middle Kingdom, however, upon closer inspection it's little more than a drop in the proverbial bucket. Fortunately, there's more good news: Since October 2014, we are helping to make SCORE considerably more powerful. Within the framework of a licensing agreement and an official partnership with ILO, initially established for a three-year period, we aim to implement SCORE in many more Chinese companies, thereby sustainably improving working conditions for thousands of people.

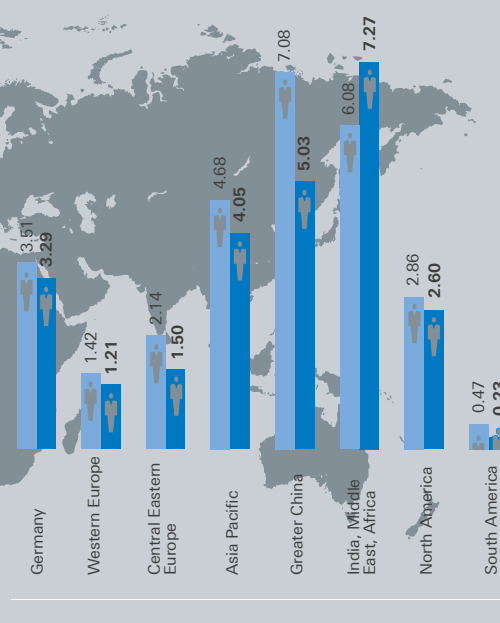


KEY ENVIRONMENTAL DATA

CO₂ Emissions from Real Estate Electricity Consumption in metric tons



metric tons per employee



The increase in electricity consumption in the India, Middle East, Africa region is attributable to the doubling of the workforce in the region. Adjustments in the electricity mix in countries of the Central Eastern Europe, Greater China and South America regions resulted in lower CO₂ emissions values.

CO₂ Emissions (direct and indirect)

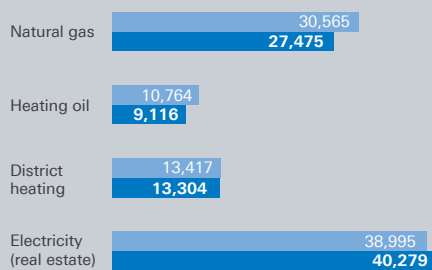
in 1,000 t CO ₂	2013	2014
Total/Group	108.6	104.7
of which, direct	42.1	43.5
of which, indirect	66.5	61.2
Germany	51.9	51.7
of which, direct	22.6	22.6
of which, indirect	29.3	29.1

CO₂ Emissions from Energy Consumption (Germany)

in metric tons	2013	2014
from natural gas	6,113	5,495
from heating oil	2,839	2,404
from district heating	3,609	3,579
from electricity (real estate)	25,697	25,537

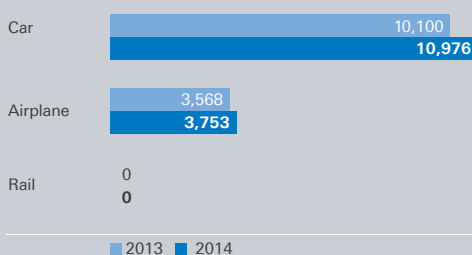
Regarding heating oil, the reduction in CO₂ emissions relative to the previous year is attributable to the renovation measures carried out in part of the TÜV Rheinland Business Park. Moreover, in the case of both heating oil and natural gas, the milder winter helped us emit less CO₂ in 2014.

Energy Consumption (Germany) in MWh



Our lower energy consumption is attributable to the energy-oriented modernization of a section of the TÜV Rheinland Business Park in Cologne, Germany, as well as a shortened heating period due to the mild winter in 2014.

CO₂ Emissions from Business Travel (Germany) in metric tons



The increase in CO₂ emissions resulting from business-related travel with motor vehicles was due to increased business activity and growth in the number of employees. Since 2012, all business travel by train with Deutsche Bahn is carbon neutral.

2014 ENVIRONMENTAL PERFORMANCE

When considering the key environmental variables, TÜV Rheinland's performance per employee in 2014 is outlined in the table »TÜV Rheinland Environmental Performance per employee«.

According to our calculations, in the 2014 business year we generated 104,700 tons (previous year: 108,600 tons) of CO₂ emissions across the Group as a result of our business operations. This calculation does not include district heating, natural gas, and heating oil used by our foreign subsidiaries. Of the total CO₂ emissions across the Group, 61,200 tons (previous year: 66,500 tons) of CO₂ were produced as a result of using indirect energy sources (electricity and district heating) at our properties. We emitted about 43,500 tons (previous year: 42,100 tons) of CO₂ 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 taken into account.

Specific CO₂ emissions across the Group thus fell by 9% versus the previous year. Accordingly, with regard to our objective to reduce emissions by 25% relative to the baseline year 2010, we are on the right track. So far we have achieved a 15% reduction versus 2010.

It is clear that our continuous efforts to reduce energy consumption in Germany are slowly beginning to bear fruit. A comparison with the baseline year 2010 shows that we have already saved 12%.

ENVIRONMENT

WE ACT CONSCIOUSLY

Environmental protection and resource efficiency play a major role in the context of our sustainability strategy – and they actually do so in two respects. With an internal focus, we work intensively to identify ways to minimize the negative impact of our operations and maximize the efficiency of our corresponding management processes. With an external focus – and with disproportionately greater »leverage« – we apply our extensive technological knowledge in a close dialog with partners all over the world from the domains of science, politics, civil society, and industry to help develop solutions that minimize adverse effects on the environment, or offer an approach to make them more manageable.

Along our path to implementing a uniform HSE (health, safety, and environment) management system throughout the Group, our new HSE guideline's entry into force at the start of 2014 marked a new milestone. The guideline establishes a common basis of understanding throughout the entire organization and sets uniform worldwide standards for handling occupational health and safety and environmental protection issues. The 13 HSE managers from our regions and German Operations laid additional groundwork during their first international HSE Manager Meeting in June 2014 in Cologne. The agenda included, among other things, the exchange of experiences, ideas and best practices.

TÜV Rheinland Environmental Performance per Employee*

		Germany			Group		
		2012	2013	2014	2012	2013	2014
CO ₂ **	t	7.09	7.09	6.66	5.57	5.98	5.42
Energy**	MWh	33.30	31.15	29.06	23.92	23.86	22.68
Business travel	km	13,000	12,845	12,808	10,910	12,060	11,880
Paper	kg	55.7	49.0	51.5	37.9	30.7	32.5
Water***	l	19,207	19,946	23,139	16,623	16,192	18,001

* Full-time equivalent.

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

*** Previous year's value modified due to adjustment of a consumption value of a Brazilian company.



GREEN ROOF AND GOLD CERTIFICATE – WELCOME TO THE SUSTAINABLE OFFICE

From March 30, 2015 onward, after a construction period of about 18 months, the so-called »Seehaus« – an eight-story office building designed according to the latest sustainable construction methods – will come to life on the grounds of the TÜV Rheinland Business Park in Cologne. Some 520 TÜV Rheinland employees will find a new home here over about 11,000 square meters of floor space – canteen, child-care facilities and green vista included. With its »Gold« certificate – the highest classification awarded by the German Sustainable Building Council (DGNB) – the building features, among other things, a highly effective outer shell with triple glazing and a roof with extensive greening, which provides additional thermal insulation, as well. The interior also houses state-of-the-art technology: All overhead lighting is generated by LEDs with presence detectors and daylight sensors, for example, and an »energy floor« provides comfortable working temperatures all year round. Energy, heating and cooling are supplied by the TÜV Rheinland Business Park power station, which is also brand new. Without sacrificing comfort in the slightest, the Seehaus' primary energy consumption is a full 20% below the maximum allowable limit required by the German Energy Savings Ordinance (EnEV).

We expect that the continued harmonization of our quality management systems will facilitate collaboration across national borders, thereby resulting in significantly greater process efficiency. So in 2014, 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. As of the end of the year, in addition to our five German Operations which can receive certification – as a company that itself issues certifications, the Systems German Operation is prohibited from being certified by an external company – subsidiaries in the following countries had been certified in our Group regions:

- ▲ Western Europe: the Netherlands, Spain
- ▲ Central Eastern Europe: Hungary (new)
- ▲ India, Middle East, Africa: India, Qatar (new), Saudi Arabia, Turkey, United Arab Emirates
- ▲ Asia Pacific: Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Thailand, Vietnam
- ▲ Greater China: China (PR), 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. 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 2014, with TÜV Rheinland Hong Kong Ltd., TÜV Rheinland Taiwan Ltd. and TÜV Rheinland Gulf LLC, not one but three companies from the Asian region joined the Group-wide certification. In the mean-

Progress in target achievement

		2010	2011	2012	2013	2014	Delta*	Target 2020*
CO ₂ emissions per employee, in tons (Group)	t	6.40	6.33	5.57	5.98	5.42	-15%	-25%
Energy consumption per employee, in MWh (Germany)	MWh	33.20	32.50	33.30	31.15	29.06	-12%	-20%

*Base year: 2010

time, TÜV Rheinland InterCert Hungary obtained certification pursuant to OHSAS 18001 for the first time.

When compared with classical industrial companies, the operation of our offices and testing facilities and the business trips we take have a relatively minor direct effect on the environment. Nevertheless, we take our responsibility seriously when it comes to environmental protection. This is particularly clearly expressed in the following concrete objectives:

- ▲ By 2020, we aim to reduce our CO₂ emissions per employee across the Group by 25% relative to 2010.
- ▲ We also want the energy consumption per employee in Germany to be 20% below the 2010 level by 2020.

Both across the Group and at the local level, we are implementing a large number of measures and projects designed to enable us to improve our energy efficiency and cut our greenhouse gas emissions. They focus primarily on

- ▲ using more efficient energy technology to run our buildings,
- ▲ reducing the number of business trips through increased use of video conference technology,
- ▲ reducing fuel consumption and emissions through the use of more fuel-efficient company cars, and
- ▲ using state-of-the-art technologies to operate our data centers, test labs, and facilities.

Especially at the site of our headquarters in Cologne, the TÜV Rheinland Business Park, several major projects implemented in recent years have already enabled us to achieve considerable improvements in the energy efficiency of our buildings. In parallel to the construction of the new »Seehaus« (see sidebar), we erected a new, efficient power station: Starting from April 2015, it will supply electricity, cooling and heating to all of the buildings in the TÜV Rheinland Business Park and allow us to remove several outdated, uneconomical systems from individual buildings. About half of the required heat energy

will be covered by the combined heat and power unit and pellet-fired boilers. The waste heat from the power plant will be used, in turn, to generate absorption cooling. We expect our power station to reduce the consumption of primary energy and emissions at the site by around one third.

The longest stage of the most comprehensive construction project in our company's history has yet to begin, however: Over the course of 2015, we will start to renovate the more than 40-year-old high-rise which is the iconic symbol of our Group. 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.

Once again in 2014, we also implemented measures to reduce heating energy consumption at other German locations. Our budget for new buildings, power stations, and building renovations in Germany totaled more than €20 million in the reporting year.

Our actions are not limited to Germany, however. With a large number of initiatives, our Group companies all over the world are working to improve their environmental performance even further. Our employees in Greater China, for example, 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. Besides heightening the awareness of all colleagues, the measures enacted included, among other things, much faster-acting energy-saving modes for computers, the double-sided printing of documents for informal in-house purposes, and an agreement with a computer supplier for the recycling of scrapped IT equipment. Preliminary results indicate that significant progress has been achieved with regard to the reduction of paper consumption, waste generation and air travel.

The intended energy and water savings have yet to materialize, however. The main reasons for this are increased energy requirements due to the opening of two new laboratories in the Group region and increased water consumption due to strong business growth.

ENVIRONMENTAL PROGRAM IN THE GROUP REGION GREATER CHINA

- ▲ Raising the awareness of colleagues
- ▲ Faster-acting energy-saving modes for computers
- ▲ Double-sided printing
- ▲ Recycling of scrapped IT equipment

ENERGY

Direct sources of energy we use include fuels, 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, the total power consumption in Germany in 2014 – including power used for heating – was estimated to be around 40,300 megawatt hours (previous year: approx. 39,000 megawatt hours) (MWh). Total power consumption for all of the Group's properties was estimated to be around 83,200 MWh (previous year: 77,900 MWh). In contrast to the extrapolated total consumption, the national energy mix used by the locations in the region was incorporated into the extrapolations for the individual regions, as a regional comparison is more accurate.

Particularly significant efficiency increases are being achieved through the energy-oriented modernization of company buildings which we have been carrying out for the past several years now. Current consumption data for heating oil on the premises of our headquarters in Cologne bear this out: Within just one year, for example, consumption fell by more than half – from 215,715 liters in 2013 to just 99,003 liters in 2014. Even if the relatively mild winter contributed to that reduction, most of the savings can be attributed to the completely modernized TÜV Rheinland House (the so-called »T-Bau«). Together with the other major renovation projects, this will make a significant contribution toward achieving our goal of reducing the consumption of heating energy and electricity at our German properties by 3% per year relative to the baseline year of 2010.

WATER

With regard to the German properties included in the calculation, in 2014 we used 108,400 m³ of water from the local water systems (previous year: 96,700 m³). 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. The increase in water consumption is attributable to the construction of the new office building in the TÜV Rheinland Business Park in Cologne. Extrapolating this figure to all of our German locations results in total water consumption of approximately 179,900 m³ (previous year: approximately 146,000 m³). This corresponds to consumption of 23,140 liters per employee in the reporting period (previous year: 19,950 liters).

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 2014 we purchased a total of 401 tons of paper in Germany (previous year: 359 tons). The standard paper we use is »Multi Copy«, a paper from sustainable forests that is FSC-certified. The relocation of numerous departments into the aforementioned new building on the site of our headquarters represents an opportunity for us to take a courageous step



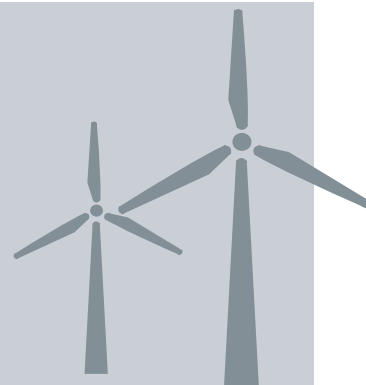
SAVING PAPER À LA MODE

In 2014, dumping a huge quantity of ice water all over yourself for a good cause went viral as the »Ice Bucket Challenge«. The principle behind such a positive snowball effect can also be used to promote ecological interests, as our colleagues in the region Greater China have proven with the creation of the »Less Printing Challenge«. Working in teams, they challenged each other to use less wasteful printing practices. The winning team earned special recognition from the management. And just like the Ice Bucket Challenge, taking part is everything.

WIND STEERING COMMITTEE UNDER FULL SAIL

With the establishment of the Wind Steering Committee in 2013, we created a long-range forum designed to enable participating companies and players from the wind power sector to actively discuss the challenges they face and to bring them to the attention of the experts from TÜV Rheinland. Based on the results of the first three meetings, it was clear that our program had struck a chord with industry. Despite the sluggish rate of project development in the offshore area, the manufacturers, operators and investors wanted us to

continue in our proactive role as a service provider for offshore industry applications and to adapt our organization even more effectively to the special requirements of the wind industry – both onshore and off. Furthermore, the participants emphasized the importance of TÜV Rheinland's function as a »quality ambassador« between Europe and Asia, because more and more system components are now being produced in the Far East. In this context, TÜV Rheinland can help this young industry meet the high quality requirements.



toward achieving the paperless office. Rather than packing files up in moving boxes, for example, we are scanning a large number of them. In digital form, they will take up much less of the company's valuable space in the future. Meanwhile, with the expansion of our electronic Sharepoint system, we are creating the infrastructure required for the efficient exchange and processing of documents by virtual means as well.

It goes without saying that an efficient paperless office requires suitably powerful computers. But as our U.S. subsidiaries have demonstrated, they don't always have to be brand new ones. Unlike their German counterparts, our subsidiaries in the U.S. purchase their laptops instead of leasing them. In this context, rather than completely replacing older laptops immediately, they are upgraded with additional RAM and new hard drives. In many cases, this technical anti-aging therapy is all it takes to provide several more years of reliable service. That makes good economic sense, and by extending the life cycle of these devices it also avoids the unnecessary production of electronic waste. So it's a win-win situation.

MOBILITY

In light of our sales activities, the large number of jobs carried out on-location at our clients' place of business, and the increasingly international structure of our Group, business travel is often an unavoidable necessity. Mindful of the harm-

ful environmental effects of our travel, we strive – whenever possible – to reduce the amount of travel or at least utilize the most environmentally-friendly modes of transportation possible. This is also reflected not least in our business travel policies. Telephone and video conferences have recently established themselves as frequently used, efficient alternatives to conventional meetings requiring participants' physical presence – especially in cases which would otherwise necessitate long-distance flights. The completion of our new building in Cologne will also clearly enhance the infrastructure for this modern form of cross-border exchange. In addition, we will then have access to facilities equipped with state-of-the-art technology.

We estimate that our employees in Germany logged about 64 million kilometers of business travel by car (company car, rental car, private car) in 2014 (previous year: 60 million kilometers). This estimate continues to be based on the assumption that the employees who have access to one of our leased vehicles use their company car for business purposes about 70% of the time. Our roughly 1,440 leased vehicles (previous year: 1,180 vehicles) in Germany accounted for an estimated 34.6 million kilometers of the aforementioned total (previous year: 28.5 million kilometers). For these business trips, our employees used an estimated 2.27 million liters of fuel (previous year: 1.82 million liters).

In 2011, we issued a new company car policy which, for the first time, included CO₂ emissions criteria according to vehicle category. At the same time, we set a goal to cut the specific fuel consumption of our fleet of company cars in Germany by 3% each year compared to the previous year. The fleet management database »Speedfleet«, which has been fully operational since 2011, provides us with an extremely precise tool to track our progress toward achieving that goal. While fuel consumption across the entire fleet averaged nearly 7 liters per 100 km in 2011

(equal to 182 grams of CO₂ per kilometer), we managed to reduce that figure to 6.6 and almost 6.4 liters per 100 kilometers in 2012 and 2013, respectively. In 2014, consumption averaged 6.6 liters per 100 kilometers (equal to 172 grams of CO₂ per kilometer). This means that in the year under review, we failed to reach the reduction goal that we had set for ourselves. According to preliminary analyses, the likely cause is that most of the potential savings achievable through more conscientious driving practices have now been fully exploited.

HOT OR COLD – EFFICIENCY IS WHAT MATTERS MOST!

In July 2014, with the opening of a new energy efficiency laboratory – also very efficiently dubbed »EEL« – TÜV Rheinland Korea successfully completed its largest investment project ever. Equipped with the latest technology, the EEL is South Korea's biggest independent external laboratory for individual and multiple HVAC systems. Customers now benefit from a full range of convenient and time-saving testing services from a single source. This includes, among other things, conformity and performance testing for energy efficiency in accordance with international standards such as ISO 5151 and ISO 15042 but also in accordance with local regulations.

Our German employees logged approximately 29 million kilometers on business trips by air (previous year: 27.5 million kilometers). This figure includes both domestic and international flights. Taking our international companies into account, we recorded a total of 92 million kilometers traveled by air in the reporting year (previous year: 92.1 million kilometers traveled by air). Airlines' estimates of their jet fuel consumption per kilometer flown continue to vary widely. For the purposes of comparison, we have assumed 0.05 liters of jet fuel per person per kilometer flown as a realistic average consumption figure since 2012. On that basis, our 2014 jet fuel consumption on business flights totaled around 4.5 million liters for the entire Group (previous year: 4.5 million liters of jet fuel).

Our employees traveled approximately 6.8 million kilometers (previous year: 6.3 million kilometers) on Deutsche Bahn's intercity trains. In doing so, they consumed 410 MWh of electrical energy (previous year: 384 MWh).



Opening ceremony at the TÜV Rheinland Energy Efficiency Laboratory in South Korea in July 2014.

SOCIETY

WE GIVE BACK

There are many aspects in which we, as a company, benefit from social services and circumstances: state-sponsored educational institutions provide some extremely well-trained and talented young professionals, in many places we can rely on well-developed infrastructure in the context of our activity, and policymakers and the judicial system maintain reliable conditions for the sustainable development of our business.

Mindful of this, it is only natural that we give something back to society through our own commitments – especially in areas where, for many different reasons, adequate support from other sources is not forthcoming. Since the range of possibilities is virtually endless, we select projects which are in harmony with our sustainability principles: They must embody the values we represent, be closely linked to our business activities, or be established in our locations' local environment or markets.

Our strategic focus is on projects and activities which

- ▲ advance education and science,
- ▲ protect people and the environment, or
- ▲ support the principles of the UN Global Compact.

Depending on the thematic area, we generally collaborate with one or more specialists familiar with the topic. These can be charitable organizations or NGOs, but might just as well be government-sponsored institutions or other companies from private industry. We have a longstanding relationship with the organization Engineers Without Borders, for example, to which we provide regular financial support. It plans its own technical aid projects and carries them out locally, and provides expert advice on engineering-related questions to other aid organizations and those in need. It also conducts research and explanatory work in the field of collaborative development of sustainable technology.



TÜV RHEINLAND – A CLASS ACT

In the case of ten educational institutions in North Rhine-Westphalia, Saxony, Thuringia, Bavaria and Brandenburg, this expression can even be taken literally, because the operation of the institutions there is handled by the non-profit company TÜV Rheinland Bildungswerk mbH.

TÜV Rheinland Entdecker-Gemeinschaftsschule (»TÜV Rheinland Discoverer K-12 School«) in Gera, for example, offers students the chance – unlike most schools in Germany – to learn together throughout the course of their primary and secondary school education. Since the children are not classified as usual into different categories after the 4th grade, they can discover and develop their full potential. In so doing, our K-12 school combines elementary school and high school, thereby offering the complete spectrum of general education diplomas. With post-K-12 training at one of our vocational schools, young people can earn accredited degrees in modern professions from the fields of information technology, design, and health and social affairs. The schools provide impressive results with their high-quality education and business focus, which pays particularly high dividends in the area of practical specialized training. Within the framework of our social commitment, we also offer social projects designed to help students avoid dropping out of school and to improve access to education and employment for those who do drop out. In addition, TÜV Rheinland Akademie offers programs specifically intended for the long-term unemployed. This is done with the objective of subsequently earning a professional qualification, which can, in turn, open up new opportunities on the labor market.

This is how, perfectly in keeping with our sustainability strategy, we are making an important contribution to the expansion of education infrastructure, and thereby assuring long-term access to qualified young talents.



From left to right:
Prof. Bruno O. Braun, Prof. Edda
Müller, Dr. Manfred Hennecke,
Mayor of Cologne Jürgen Roters;
Award: »Global Gutenberg Galaxy«
by Ákos Matzon.

THIRD INTERNATIONAL TÜV RHEINLAND GLOBAL COMPACT AWARD

One important component of our commitment to the Global Compact is the presentation of the International TÜV Rheinland Global Compact Award, which has been conferred by the TÜV Rheinland Foundation since 2008. The prize honors outstanding personalities who demonstrate their commitment to the goals of the initiative through their work. In 2014, Prof. Edda Müller, Chair of Transparency International Germany, was the third person to receive the award, which includes a €25,000 endowment.

With this award, the Board of Trustees of the TÜV Rheinland Foundation honored Prof. Müller's tireless service in the fight against corruption and for the protection of the environment, the climate and consumers. Prof. Müller has been backing up her convictions with action for more than 30 years now – previously as Minister for the Environment in Schleswig-Holstein, Vice Director of the European Environment Agency, Chairwoman of the Federation of German Consumer Organizations, and now with Transparency International Deutschland. »Combating corruption and unethical conduct is the biggest challenge of our time for the survival of free and democratic societies«, insists the political scientist. In her acceptance speech, Müller focused specifically on the notions of trust and credibility. She pointed out that free markets do not function properly when companies and consumers have unequal access to information, »which is why certificates like the ones TÜV Rheinland grants are so important to building and maintaining trust in the way our economy functions.«



THE AWARD WINNERS SINCE 2008

Dr. Volker Hauff
Dr. Michael Otto
Dr. Edda Müller

TÜV RHEINLAND FOUNDATION

The non-profit TÜV Rheinland Foundation is particularly committed to the area of safety and energy technology, environmental protection, development partnership, and the improvement of education and training. The International TÜV Rheinland Global Compact Award replaces the International Rheinland Award for Environmental Protection, which was awarded for the first time in 1974. Along with conferring this award, the TÜV Rheinland Foundation also sponsors projects in the areas mentioned.

Sponsor: TÜV Rheinland Berlin Brandenburg Pfalz e.V.

Board of Directors: Prof. Bruno O. Braun (Chairman), Prof. Ralf Wilde

Board of Trustees: The Board of Trustees, which comprises six figures from business and society, guides the work of the foundation and selects the winner of the International TÜV Rheinland Global Compact Award.

In the best tradition, our Christmas donation in 2014 also benefited one of Engineers Without Borders' projects: In the village of Vabea on Ono Island, which is part of the Fiji Islands, the organization is converting a building complex with nursery school and elementary school from its fossil fuel-generated power supply to solar energy. As a result, the abundance of sunshine in the South Pacific will also – thanks to technical possibilities – illuminate the classrooms and bedrooms. The school's computers and printers will also be powered by the Sun, in order to improve the general teaching conditions and to assure a functional administration department. Until now, the school's energy supply has consisted of a diesel generator on-loan from a private individual. This has been a burden for both the environment and the school, which has to cover the cost of fuel on its own. Already in 2013, our Christmas donation made it possible to install a regenerative energy supply in a school in Tanzania.

We also continue to provide advice and assistance for the volunteer activities of our employees. In our view, that volunteer spirit, together with an appreciation for service to the community, provides a strong impetus for the personal development of each individual and an open, diverse corporate culture as a whole. Our experience has shown that many employees are basically interested in performing volunteer work, but that concrete action all too often fails to materialize due to a lack of forthcoming information on how or where they can help. And it is these very obstacles that we confront with the volunteer platform in our corporate portal »blueye«. Concerts for the community, sponsorship of foster children in many different countries, campaigns against forced prostitution – on the interactive platform, volunteers who are already actively involved can exchange project experiences and present new initiatives. Potential volunteers, in turn, find inspiration and resources to help them get involved in a charitable cause of their own.

THERE'S SOMETHING HAPPENING THERE

Public-private partnership projects create jobs, improve working conditions, and enable the transfer of technology and knowledge – and in so doing, they play a significant role in achieving development policy objectives and implementing public service-oriented projects. We, too, are glad to contribute our expertise to projects that bundle the individual strengths of different partners for a good cause.

One current example of this is our active participation in the area of ship recycling in Bangladesh. According to the organization Shipbreaking Platform, in 2013 more than 1,200 ships were scrapped worldwide, and nearly half of them were dismantled in India and Bangladesh. Bangladesh in particular covers a considerable proportion of its steel requirements through ship recycling. But the methods those recycling operations use are often anything but by the book: Many of the ships are intentionally run aground and then dismantled. Harmful toxins and pollutants are released into the environment, and employees' health and work safety standards are ignored. Work-related accidents occur as a result – sometimes even serious disasters caused by explosions.

In 2011, a legal basis to address this dire situation was established in Bangladesh for the first time with the »Ship Breaking and Recycling Rules«. They define, among other things, the basic legal requirements for safety, occupational health and safety, the instruction of workers, and environmental standards. Within the framework of audits, we verify compliance with these requirements in the recycling operations. In addition, we certify the management systems for more sustainable ship recycling in accordance with the standards OHSAS 18001 and ISO 30000. We support the implementation of the standards through, among other things, advanced training and train-the-trainer programs. Like many others, this project demonstrates that structured cooperation between companies, government authorities and social organizations can serve to establish durable standards and improve conditions in a sustainable way.



TECHNICAL DEVELOPMENT PARTNERSHIP

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

PPP PROJECTS

Structured cooperation between companies, government authorities and social organizations can serve to establish durable standards and improve conditions in a sustainable way.

WORLDWIDE COMMITMENTS

Social commitment is an expression of responsible action at TÜV Rheinland. All around the world, we bring it to life in an extremely wide range of ways.

GERMANY

● Cologne Volunteers Day

On May 15, 2014, eighteen of our employees, each accompanied by a resident of the Haus Lebenshilfe, a home for people with mental and sometimes also physical disabilities, carried out refurbishment work on a public park. Together they painted construction trailers, mowed the grass, spruced up a fireplace and restored the boules court to proper playing condition.

■ Cologne Marathon

In connection with the Cologne Marathon, we collected not only money but also material donations, which benefited the Ronald McDonald House in Cologne, an institution that provides support to families with severely ill children.

▲ Mouse opens doors

On October 3, 2014, at the TÜV Rheinland Toy Testing Laboratory in Nuremberg, more than 200 fans of the children's television program »Sendung mit der Maus« (»The Program with the Mouse«) got the chance to peek behind the scenes and experience first-hand how toys are tested today.

POLAND

▲ Open House Day for Young Discoverers

For one year now we have been members of the »Academy for the Future« where we are helping to give children from dysfunctional family backgrounds new perspectives and inspiration. Not only are we supporting this unique mentoring program, but we've also invited the teams of two into our laboratories.

USA

■ Giving Tree

For the sixth year now, the TÜV Rheinland Giving Tree initiative collected donations in the form of toys and winter clothing. The material goods are donated to the Nashua New Hampshire Soup Kitchen and Shelter and enable more than 300 families to make their children's Christmas holidays happier.

HUNGARY

● »Do it for yourself!«

Within the framework of a volunteer campaign, we supported the repair of a run-down playground in Budapest. As official sponsor of the project, we provided expertise and were responsible for the safety of the new equipment.

CHILE

▲ Paper donations

In Chile we recycle our used paper through the Fundación San José, which donates either 30 diapers or 15 baby bottles to needy families for every 45-kilogram box of paper.

BRAZIL

■ Furniture donation

The APAES is a non-profit initiative that helps people with physical or mental disabilities and their families. During the year under review, we supported them with a donation of 38 discarded pieces of furniture.

● Volunteer work ▲ Charitable projects ■ Donations





FINANCIAL REPORT

84 GROUP MANAGEMENT REPORT

84 HIGHLIGHTS

89 GENERAL CONDITIONS

89 General Economic Conditions

90 Market-Specific Development

93 CORPORATE MANAGEMENT – GROWTH AND LONG-TERM VALUE ENHANCEMENT

93 RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

93 Development of Revenues

97 Development of Income

98 Financial Position

98 Balance Sheet and Capital Structure

100 Investments

100 PRESENTATION OF THE BUSINESS STREAMS

100 Business Situation

101 Industrial Services

102 Mobility

103 Products

105 Life Care

105 Training und Consulting

106 Systems

107 EMPLOYEE REPORT

109 RISK MANAGEMENT SYSTEM AND CORPORATE GOVERNANCE

110 VALUE MANAGEMENT AND BUSINESS- RELATED ENVIRONMENTAL AND SOCIAL FACTORS

111 OPPORTUNITY AND RISK REPORT

113 OUTLOOK

113 Future Economic Outlook:

Forecast 2015 to 2016

114 TÜV Rheinland AG Group Outlook

115 EVENTS AFTER THE REPORTING PERIOD

116 CONSOLIDATED FINANCIAL STATEMENTS

116 INCOME STATEMENT

117 BALANCE SHEET

118 CASH FLOW STATEMENT

119 STATEMENT OF COMPREHENSIVE INCOME

120 STATEMENT OF CHANGES IN EQUITY

122 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

122 GENERAL INFORMATION

132 NOTES TO THE INCOME STATEMENT

136 NOTES TO THE BALANCE SHEET

147 OTHER DISCLOSURES

158 CORPORATE BODIES

159 AUDIT OPINION

GROUP MANAGEMENT REPORT

TÜV RHEINLAND AKTIENGESELLSCHAFT FOR 2014

HIGHLIGHTS

- ▲ The TÜV Rheinland AG Group has successfully concluded the 2014 financial year – in spite of the strains in the industry environment – with revenues (including inventory changes) of €1,731 million, continuing the course for growth of recent years. At constant exchange rates, the Group generated total revenues of €1,761 million, which is equal to growth of 10.0%.
- ▲ The results for 2014 at a glance:
 - ▲ Revenues (incl. inventory changes) grow from €1,601 million to €1,731 million.
 - ▲ Earnings before interest, taxes, depreciation, and amortization (EBITDA) reach €172.5 million, (previous year: €175.2 million).
 - ▲ Earnings before interest and taxes (EBIT) total €110.2 million (previous year: €117.1 million).
 - ▲ Earnings before tax (EBT) total €88.9 million (previous year: €98.6 million).
 - ▲ The profit margin before tax is 5.1% (previous year: 6.2%).
 - ▲ International sales account for nearly 50% of revenues in 2014; employees abroad for more than 60% of the Group's workforce.
- ▲ For TÜV Rheinland as a global testing company, in addition to the core market of Germany, the focus is on faster-growing international business. This trend is also reflected by changes in the Executive Board: Effective April 1, 2014, Ralf Scheller – to date Chief Regional Officer Greater China – was appointed as a Chief International Officer alongside Stephan Schmitt.

In 2014, the Executive Board thus comprised the two Chief International Officers, the Chief Human Resources Officer Thomas Biedermann and the Chief Financial Officer Ulrich Fietz, who simultaneously performed the role of Spokesman of the Executive Board. Effective January 1, 2015, the Supervisory Board appointed Dr.-Ing. Michael Fübi the new Chief Executive Officer of the Executive Board. Previously, Dr.-Ing. Michael Fübi worked twelve years for the RWE Group, last as Chief Executive Officer of RWE Technology.
- ▲ TÜV Rheinland continues to build upon its market position through the following strategic acquisitions:
 - ▲ The acquisition of the OpenSky Corporation, headquartered in Tolland/Connecticut, in January 2014 enhances the acquisition strategy of TÜV Rheinland in the IT Security Business Field. The OpenSky Corporation is a leading US company with 142 employees which focuses on the security of networks and computer systems. 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. An OpenSky branch location opened near London in July 2014 as well. A contribution to total revenues in the amount of €24.3 million was achieved in 2014.
 - ▲ In early March 2014, TÜV Rheinland took over the British company Risktec Solutions Limited, headquartered in Warrington, near Manchester. Risktec draws up risk and safety analyses and offers technical training for possible risk scenarios. The core industries of Risktec include the oil and gas industry, nuclear technology and infrastructure, but particularly the field of railway engineering. Higher safety requirements for the energy sector, increasing technical complexity and further investment in the oil and gas business are very good conditions for the market in which Risktec works. Risktec's clients include in-

ternational operators of power plants oil, gas facilities. Risktec has 232 employees, and following the acquisition in 2014 it generated €32.8 million in revenue.

- ▲ In early 2014, TÜV Rheinland took over the business operation of NIFE (NIFE sole proprietorship), headquartered in Kochi/Kerala (India). NIFE offers vocational training and advanced training seminars in three fields – fire and safety, elevator technology and fiber optics – in around 70 training centers. 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. With no formal system of training in India for craftsmen, engineers or skilled workers, the potential that the country's training market has to offer is considerable. Thus, the new TÜV Rheinland NIFE Academy is aimed primarily at young people. In 2014, NIFE had a staff of 326 employees and contributed €3.7 million to total revenues.
- ▲ In early April 2014, TÜV Rheinland took over ISTec GmbH – Institut für Sicherheitstechnologie, founded in 1992, in Garching (Germany) thereby extending its offerings for power plant operators, plant manufacturers and the processing industry. The Institute employs 29 people at locations in Garching and Cologne and generated €3.4 million in revenue in 2014. ISTec is one of the leading providers of diagnostic and safety technology. The former subsidiary of Gesellschaft für Anlagen- und Reaktorsicherheit (GRS) gGmbH in Cologne offers plant manufacturers, operators of power plants, the processing industry, transport companies and public authorities consulting services on the topics of diagnostics and safety. The services ISTec offers include, for example, methods of diagnostics technology and acoustic monitoring systems for machines, pipes and boilers, software development for monitoring systems, monitoring of wind turbines, characterization of contaminated and radioactive waste, as well as security analyses relating to the storage of radioactive waste.
- ▲ TÜV Rheinland systematically invests in testing centers to strengthen its national and international services:
 - ▲ In July 2014, TÜV Rheinland in South Korea opened a new energy-efficiency laboratory for the testing of air conditioning systems in Changwon, in Gyeongsangnam-do Province. The new laboratory with a total area of 1,600 square meters is the largest independent laboratory for single and multiple air conditioning systems in South Korea; it is equipped with the latest technical equipment. South Korean manufacturers now have the benefit of efficient and time-saving test services from a single source. Among other things, these services include compliance and performance testing for energy efficiency that comply with international standards and national regulations. Since the company's founding there, the energy-efficiency laboratory represents the largest single investment in South Korea, at nearly €1 million. It underscores the close cooperation with key customers and is a sign of long-term commitment at the location in Changwon.
 - ▲ The Indonesian Ministry of Industry has designated TÜV Rheinland an authorized product-certification body for car wheels (rims) under its SNI Standard (Standard National Indonesia). This makes TÜV Rheinland currently the only private company in Indonesia authorized to perform certifications as well as tests for motor vehicle wheels under the SNI Standards. Due to high demand on the part of local and foreign companies in need of SNI approval, TÜV Rheinland decided to expand the scope of its accreditation in Indonesia in order to offer its customers this new service.
- ▲ For TÜV Rheinland, the interplay of people, environment and technology plays a central role:
 - ▲ The TÜV Rheinland Business Park is being expanded with the addition of a new office building and a power station. Taking into account the refurbishment of

the TÜV Rheinland Tower, headquarters of the Group, TÜV Rheinland is investing €68 million in its location in Cologne over three years. The power station was already commissioned in November 2014. It will cover the energy needs of all of the buildings in the complex. In the future, this cost-efficient and sustainable concept will cut primary energy consumption by around 30%, reducing CO₂ emissions by one-third in the process. The power station is half powered by fossil fuels and with 35% by renewable sources (pellets); combined heat and power waste heat provides the remaining 15%. As such, TÜV Rheinland is making a significant contribution to environmental protection and is simultaneously cutting energy costs by a significant amount. The new office building will be ready to move into in spring 2015.

- ▲ TÜV Rheinland in Peru has received an order for construction supervision of the South Peru Gas Pipeline, which will transport natural gas across the country. The order comprises the management and coordination of all measures relating to quality assurance, workplace safety, health and environmental protection. The investment volume for the 1,085-kilometer-long pipeline totals to around \$7.2 billion. The project will create up to 7,000 new jobs in the individual regions while promoting diversification of the local economy at the same time. Some 180 TÜV Rheinland employees will be involved in the project at its height.
- ▲ Under the motto »E3 – Energy Expertise Everywhere« TÜV Rheinland bundles its extensive range of services for the energy sector across all stages of the value chain, from production to the efficient use of energy, broken down into the energy fields of oil and gas, conventional power plants, nuclear power plants, renewable energies, smart energy and energy efficiency. The aim of the campaign is to highlight the international presence and expertise of TÜV Rheinland in the energy sector, along with the overall breadth and depth

of its energy portfolio. Recently, for instance, TÜV Rheinland has added special expertise in the area known as condition monitoring systems (CMS). These systems help identify changes that occur in power plants at an early stage through methods such as vibration monitoring of machines and turbines. This helps operators of power plants improve the safety of their facilities. TÜV Rheinland is also superbly positioned in the field of alternative energy; it keeps its customers abreast of technical and legal innovations and provides support during the necessary implementation.

- ▲ »Successful sustainable development«: This was the title of the first Sustainability Congress held by the Rhineland-Palatinate Initiative for the Future (ZIRP) in October 2014. As a ZIRP member, TÜV Rheinland took part in the congress as well. This was also the first event for the »Future Business« network with which ZIRP would like to sharpen the focus of entrepreneurial awareness and action on the three dimensions of sustainability – the economic, environmental and social dimensions. The congress offered an opportunity for numerous companies to present their portfolios in the area of sustainability. Parallel to this, 20 specialized forums were held that allowed exploration of the subject in greater depth. At the congress, TÜV Rheinland presented alternative drive systems – such as electromobility and hybrid systems – and provided a lecture on the subject of sustainable business management.
- ▲ Four years after the tsunami off the east coast of Japan in March 2014, the region has not yet fully recovered from the disaster. Thanks to the »Tagonishi Eco Model Town Project«, though, some of the victims have found a new home. The goal of the project was to build homes in the city of Sendai that are not only energy-efficient but provide protection against natural disasters as well. Each of the houses was thus equipped with its own energy infrastructure, such as a photovoltaic system

and a charging station for electric cars. TÜV Rheinland participated in the project with a laboratory that is the only facility in Japan with the capability to test so-called »smart houses«.

- ▲ In the summer of 2014, TÜV Rheinland AG successfully placed a debut certificate of indebtedness loan agreement (Schuldscheindarlehen) in the amount of €165 million. The placement offered maturities of six and eight years, with both fixed and variable interest rates, as well as a ten-year tranche with a fixed interest rate. The issue met with huge demand in the market and was oversubscribed nearly fivefold. This made it possible to set the credit margin at the lower end of the marketing margin. The placement was offered through numerous investors, mainly hailing from the group of savings, private and cooperative banks. This issue secures broader latitude for TÜV Rheinland with which to finance business growth at historically favorable conditions.
- ▲ Effective January 1, 2015, TÜV Rheinland is tailoring the structure of its Business Streams to reflect the latest market requirements. The previous Training and Consulting and Life Care Business Streams are now combining their activities in the new Academy & Life Care Business Stream. Furthermore, the Business Fields of IT Security and Consulting, which previously were part of the Training and Consulting Business Field, have been combined to form the independent ICT (Information and Communication Technology) & Business Solutions Business Stream. With the combination into the new Academy & Life Care Business Stream, TÜV Rheinland shows that the human element is coming into sharper focus within the triad of people, environment and technology. This creates the conditions for growth as well as for ongoing economic success. Academy & Life Care offers people prospects and opportunities throughout their entire careers, beginning with school education. Side by side with the business community, the Business Stream brings a comprehensive approach to security; this includes using intelligent pro-

grams to promote employee health, integrating lifelong qualification and continuing education, and creating conditions favorable to a longer working life. Continued internationalization of the Business Stream is also gaining importance. There are interesting markets for education and training outside of Germany, such as India, that form the focus of future international growth. For TÜV Rheinland, services for IT, information security and telecommunications are among the main strategic Business Fields. By bundling these activities in a new, separate ICT & Business Solutions Business Stream, TÜV Rheinland will even more participate in the above-average dynamics that characterize the IT and telecommunications sector.

- ▲ TÜV Rheinland received multiple awards as an attractive employer in 2014:
 - ▲ For the seventh consecutive year, TÜV Rheinland has been recognized as one of the leading employers in Germany, offering good working conditions and career opportunities for young graduates in particular. In the recent study of top employers in Germany, »Top-Arbeitgeber Deutschland«, performed by Top Employers Institute (formerly CRF Institute), an international research company headquartered in the Netherlands, TÜV Rheinland was recognized for its outstanding and modern human resources management. TÜV Rheinland ranks among the Top 10 best employers in the areas of additional benefits and work-life balance.
 - ▲ TÜV Rheinland is one of the most attractive employers for engineers in Germany. In the current popularity scale, published in the business magazine Wirtschaftswoche, engineers rank TÜV Rheinland 24th of around 150 companies. This marks the best ranking for TÜV Rheinland in five years and places it ahead of numerous recognized DAX 30 companies. In the survey, nearly 5,000 university graduates with up to eight years of professional experience from different fields of study were asked which company they would most like to work for.

- ▲ In two other rankings of around 130 companies, TÜV Rheinland took top honors among providers of inspection and certification services. The study »Graduate Barometer 2014«, by the Berlin market research firm Trendence, was published exclusively in Manager Magazin, and the »German Student Survey 2014« by Universum Communications in the magazine Wirtschaftswoche. In the study, around 20,000 engineering students indicated which company they would most like to work for. As in previous years, its 37th- and 48th-place rankings demonstrate that TÜV Rheinland has gained a considerable reputation among the target group of engineers.
- ▲ In recent years, TÜV Rheinland has grown rapidly all over the world. Taking maximum advantage of the opportunities for synergy calls for a definition of the goals held in common. One area of these common goals is the understanding of leadership and cooperation at TÜV Rheinland. Against this backdrop, a global leadership initiative, the Lighthouse Project, was created. In workshops, participants work out possible principles for a future leadership mission; these are communicated to the management. Following this, the actual management principles are developed based on the feedback received from the Lighthouse process. These principles are then communicated throughout the Group and used as a basis for further development of management.
- ▲ Prof. Dr.-Ing. habil. Bruno O. Braun, Chairman of TÜV Rheinland Berlin Brandenburg Pfalz e.V. and Chairman of the Supervisory Board of TÜV Rheinland AG, has been awarded the Commander's Cross of the Order of Merit of the Federal Republic of Germany. He was awarded the prize for his professional and volunteer work for the public good, especially for his ongoing efforts in the fields of economics, international relations and culture. The Commander's Cross of the Order of Merit was presented by Garrelt Duin, Minister of Economics, Energy, Industry and Commerce for the German state of North Rhine-Westphalia. The remarks in his honor particularly highlighted the commitment and vision of Prof. Dr.-Ing. habil. Bruno O. Braun and the active role he has played in shaping the future viability of Germany as a location for technology. It was also stressed that, as »a traditional CEO«, he has maintained a strong awareness of social responsibility and has promoted intercultural exchange and dedicated his efforts to promoting young musical talent. As Chairman of TÜV Rheinland AG, he shaped the reorganization of the Group from a local testing organization into an international service provider. This secured the future of the Company and a large number of jobs. At his initiative, already in 2006 TÜV Rheinland became a member of the Global Compact of the United Nations and committed itself to enforce the principles of the Compact, including human rights, labor standards and anti-discrimination.
- ▲ For her persistent dedication to combating corruption and promoting environmental protection, Prof. Edda Müller, Chair of Transparency International Deutschland, has been presented with the third International TÜV Rheinland Global Compact Award. The award, which includes € 25,000 in cash, was presented to her by Prof. Dr.-Ing. habil. Bruno O. Braun and by Jürgen Roters, Mayor of the City of Cologne, on September 4, 2014. With the presentation of the International TÜV Rheinland Global Compact Award, since 2008 the TÜV Rheinland Foundation has honored individuals whose work is extensively dedicated to sustainability and the goals of the Global Compact of the United Nations. Prof. Müller's work is focused on the common good. For years, she has been working in various capacities on behalf of environmental protection as well as the fight against corruption and unethical behavior.

GENERAL CONDITIONS

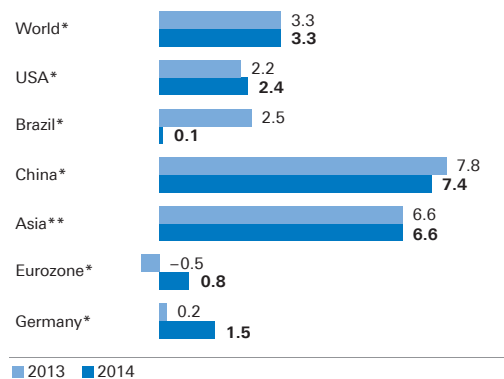
General Economic and Market-Specific Conditions in 2014

General Economic Conditions

All in all, the global economy expanded at a somewhat moderate pace in 2014. After an only very modest increase in global gross domestic product in the first half of the year, there was a noticeable increase in growth during the remainder of the year. Overall, the global gross domestic product rose by an average of 3.3% (previous year: 3.3%). The reasons for the disappointing growth of the global economy during the first half of the year included prevailing structural problems in various regions, such as a lack of competitiveness in a number of European countries. The global economy was dampened by political and economic risks as well. The conflict in the Ukraine and the threat of Greek default warrant mention in this connection.

The USA and Great Britain continued to furnish positive momentum. The strong growth potential of the BRICS countries, previously a stabilizing element for the global economy, was observed only in part in 2014. Acceleration in global growth during the second half of the year is due to improved economic conditions that are suggestive of continued improvement in the economic outlook. The sharp decline in oil prices in particular, which owes to a structural surplus on the supply side and could thus last through the medium term, is a source of stimulus for the economy. Even though some countries such as the USA or Great Britain are beginning to cautiously scale back their expansion efforts, the overall expansionary monetary policy favors economic development.

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



* Source: IMF World Economic Outlook Update January 2015.
 ** Source: IfW Kiel, Weltkonjunktur im Winter 2014.

USA: The US economy was solidly on track for growth in 2014. In the US economy, gross domestic product grew by an average of 2.4% (previous year: 2.2%). The largest contributions to growth stem from private consumption and net exports. Domestic demand and private consumption in particular were aided by a decline in household debt and a significantly improved situation on the labor market, the dynamics of which further brighten economic prospects going forward.

BRICS countries: The economic development of the BRICS countries is particularly important to the TÜV Rheinland AG Group due to its presence in these countries, particularly in Brazil, China and increasingly in India as well. The high rates of growth characteristic for the BRICS countries were observed only in part in 2014, however. While China is still in a position to report significantly higher growth rates than the established industrial nations, economic momentum has cooled considerably in both Russia and Brazil.

China: With an increase of 7.4% in gross domestic product (previous year: 7.8%), growth for the Chinese economy was comparatively moderate in 2014. Especially at the beginning of the year, industrial production, exports and private consumption fell short of high expectations. In the meantime, monetary stimulus measures and

public investments have lent the economy new thrust once more. Early indicators suggest, however, that the basic trend in the otherwise highly dynamic expansion in China will slightly slow down.

Brazil: With growth of just 0.1% in 2014 compared to 2.5% in the previous year, Brazilian economic performance nearly stagnated. In fact, during the first half of the year Brazil was in a »technical recession« that saw a steep drop in industrial production in particular. While production climbed again in the second half of the year, the economic environment remained clouded against the backdrop of high inflation and tighter financing conditions.

Eurozone: The economy of the Eurozone including Germany completed the turnaround from recession to recovery in 2014, even though this occurred only haltingly. Gross domestic product increased by 0.8% for the year on the whole (previous year: -0.5%). The economic recovery is accompanied, among other things, by stabilization in domestic demand and foreign trade. There was a negative impact, however, stemming from the aftermath of the financial and economic crisis and including factors such as the persistently high unemployment rate of over 11.0% and high levels of debt in national budgets. To lend further impetus to the economy, the European Central Bank pursued a highly expansionary monetary policy, cutting interest rates to historically low levels. Most recently, the European Central Bank resolved to launch an extensive purchase program for government bonds with a volume of approximately €60 billion per month.

The situation that presents itself in the countries of Europe is a very heterogeneous one overall. Although Germany was in a position to create a decisive impetus for growth, economic performance in France and Italy was nearly stagnant. Outside the Eurozone, the

economy of Great Britain in particular strengthened considerably. The situation in three countries in crisis – Ireland, Portugal and Spain – has finally improved. On the other hand, in spite of progressive fiscal consolidation, the future of Greece as a member of the European Monetary Union was in doubt again toward the end of the year (»Grexit«).

Germany: The German economic area outperformed the average for the Eurozone in 2014, with moderate growth of 1.5% (previous year: 0.2%). However, beginning in the second quarter there was an unexpected decline in the dynamics that were so strong at the beginning of the year, even though favorable financing conditions, increasing capacity utilization and positive business surveys actually led observers to anticipate consistently high growth. The deterioration in economic conditions by mid-year was followed by a brightening toward the end of the year, however. Driven by a continued positive development in the labor market, private consumption had already risen again in the third quarter by 0.7%. Thanks to the declining euro exchange rate, foreign trade held its own quite well, in spite of weakness in the global economy. The Ifo business climate index, which has been rising since November, makes it clear that the German economy is on the upswing, facilitated among other things by dropping oil prices and a falling euro exchange rate.

Market-Specific Development

TÜV Rheinland offers its testing, inspection and certification services through companies on all five continents throughout the global TIC (Testing, Inspection, Certification) market. This gives the Group the ability to serve clients' often worldwide value chains. Demand for the services of TÜV Rheinland is particularly high among clients in economically strong, industrialized countries. At the same time, new sales potential is developing in emerging markets such as the BRICS countries. The business of TÜV Rheinland is mainly determined by the following market factors and trends:

Globalization: Globalization in the TIC market is simultaneously associated with both opportunities and risks. Increasing liberalization efforts in markets 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 and developing 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, food supply 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. Data security in particular will take on enormous importance in the future.

Industry 4.0: The economy is on the verge of the next industrial revolution. In the future, the shape of industrial production will be characterized by strong customization of products under conditions of highly flexibilized (high-volume) production. Under this form of hybrid production, complex data networks will link customers and suppliers with production over the entire value chain. The experience TÜV Rheinland has with complex automation and manufacturing systems will result in market potential in the Business Streams of Industrial Services and Products.

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

Increasing M&A Activities / Consolidation in the Market: In the market for technical services and particularly in the TIC market, a further trend toward consolidation can be seen as a result of major acquisitions or take overs. This results in both opportunities and risks for companies based on their positioning in the changing TIC market.

The TÜV Rheinland AG Group provides products and services in the area of TIC for a variety of markets and industries worldwide. While global economic trends are important to TÜV Rheinland, they are not all determinant due to the Group's diversification across industries and regional markets. In addition, the company is largely unaffected by specific developments in individual industries, particularly when it comes to mandatory inspections.

At the same time, the following general economic and market-specific conditions in 2014 had an effect on TÜV Rheinland's business:

Overall economic conditions were slightly upbeat in 2014. Because in some cases the economy developed quite differently in the individual regional markets, the effects on the business of TÜV Rheinland must be analyzed by countries and regions.

The European business of TÜV Rheinland benefited particularly from the favorable economic situation in Germany and Great Britain. On the other hand, in Spain and the Netherlands, the first discernible signs of economic recovery in the wake of a long slump were not yet felt in business there.

Following a series of weaker years, the US economy began to gather momentum again in 2014. TÜV Rheinland business has yet to benefit decisively from this development, though, as public investment and the award of public contracts, among other factors, remained at a low level in the aftermath of the averted budget dispute of 2013. As a result, the US Solar Business Field of TÜV Rheinland in particular fell short of expectations.

Influenced by high rates of overall growth in the regions of Greater China and Asia Pacific, the overall business trend for TÜV Rheinland there was a positive one. Business with South Korea in particular benefited from favorable economic conditions in the region. On the other hand, TÜV Rheinland was in a position to compete successfully even in markets with comparatively weaker economic conditions, such as Japan. The important Chinese market benefited from continued rapid growth. In the future, countervailing

effects must be expected for China as the result of slowed growth, on the one hand, and a gradual opening of the TIC market on the other.

Business in the IMEA region (India, Middle East and Africa) registered a sharp rise overall in 2014. Specifically, business in India benefited from the rebound in economic growth, particularly as a result of state investment and a rise in exports following a devaluation of the rupee. To date, business in the Gulf States has proven resistant to the drop in oil prices and grew to a remarkable extend.

The crisis in Russia and the Ukraine was not without consequences for the business of TÜV Rheinland. Particularly in the Russian market, it led to corresponding decreases in revenue and earnings.

As a globalized service company, the goal of TÜV Rheinland is to systematically strengthen its operations worldwide. The focus at TÜV Rheinland in this regard is particularly on expanding its operations in the markets in which the company can make ideal use of its competitiveness and tap new markets as a result. Against this backdrop, the company expanded its international position again in 2014 with a combination of both organic and inorganic growth. TÜV Rheinland grew in 2014 through several strategic acquisitions in strategic growth areas, in particular through the acquisition of Risktec, headquartered in Warrington (Great Britain), a consulting firm in the field of risk management. It also acquired IT security company OpenSky Corp., headquartered in Tolland/Connecticut (USA). TÜV Rheinland's future growth will focus on the field of IT and data security, as well as on industrial services, the energy sector, product inspections, and the mobility market.

Overall, the TÜV Rheinland AG 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. In this regard, additional sales potential is offered by the Chinese TIC market, which in the second half of 2014 took another step towards opening up for external inspection organizations. Because foreign companies such as TÜV Rheinland can now be consulted as external service providers for state inspections, this gives these companies easier access to the Chinese market. As one of the market pioneers in China, TÜV Rheinland will draw on its more than 25 years of experience there to gain additional market share.

TÜV Rheinland considers itself very well-positioned to meet the coming challenges in the TIC market that accompany a steep rise in the importance of the topics of »data security« and »Industry 4.0«. In this connection, cyber experts at TÜV Rheinland are already developing solutions for the main questions of security in relation to networked production facilities, smart home systems, or increasing cloud data storage in the cloud. Risks can be seen particularly in sensitive industries such as the energy sector. Here, for instance, modern energy supply systems present an increasingly broad target for hacker attacks, with potentially devastating consequences. Together with its IT professionals, TÜV Rheinland is also helping the energy industry overcome these key security issues. On the strength of its good positioning in relation to current and future trends, TÜV Rheinland is confident in the face of increasing competition and further consolidation in the TIC market.

For our globalized society, worldwide population growth brings sweeping challenges in terms of food supply. Mechanization is already playing an increasingly important role in agriculture in order to solve the food problems of the future. New forms of agriculture – such as vertical farming, an urban farming technique in multi-story buildings, or aquaponics, the combination of fish farming and crop cultivation in a closed-loop sys-

tem – will continue to gain in importance. Parallel to this, and against the background of numerous food scandals, there is growing skepticism among consumers with regard to food that stems from unfamiliar cultivation methods. With its expertise in the food sector, TÜV Rheinland, has implemented the Foodcert Alliance® as a new certification. With a network of special testing laboratories, TÜV Rheinland is in a position to control the quality of all types of food and farming methods, from production to processing and packaging. In the vital field of food TÜV Rheinland thus contributes to dispelling prevailing reservations and to ensure high quality.

The increasing globalization and mechanization of society is accompanied by continued strong growth in mobilization. Against the backdrop of scarce resources, in the future the mobility market will face the challenge of developing environmentally friendly solutions. TÜV Rheinland is already positioning itself as an expert in implementing sustainable mobility concepts. Specifically, one study on »green tires«, for instance, showed that using special, low-friction tires leads to significant potential fuel savings in the trucking sector. This not only protects the environment but also saves substantial costs. It is also expected that environmental standards for the trucking industry and proof of CO₂ emissions will increasingly be required by law. In this connection, because TÜV Rheinland already offers extensive environmental certifications, it sees future developments in the area as an opportunity.

Along with the potential for growth that presents itself in the evolving food and mobility markets, there are further opportunities for sustainable growth for TÜV Rheinland's original core area of business: The inspection of industrial facilities and pressure tanks – on the one hand, due to the reengineering of Asian industrial facilities, on the other, as a result of the in many places outdated infrastructure in 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 business strategy 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. The area of corporate management relies on a Group-wide management information and controlling system that creates cost and income transparency in all areas, thus contributing to a 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 optimized 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.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

The TÜV Rheinland AG Group's consolidated financial statements are prepared in accordance with IFRS.

Development of Revenues including Inventory Changes

The Group's worldwide revenues, including inventory changes, are broken down in the following tables; due to the significance of exchange rate fluctuations in 2014, the tables also contain the figures adjusted for exchange rates:

Revenues by Business Stream

in € millions	2013	2014	2014*
Industrial Services	494	532	546
Mobility	397	433	435
Products	391	404	413
Life Care	58	63	63
Training and Consulting	221	256	258
Systems	124	136	140
Other**	-84	-93	-94
Total	1,601	1,731	1,761

* Revenues at constant exchange rates.

** Intra-group revenues and central functions.

Revenues by Region

in € millions	2013	2014	2014*
Germany**	881	943	943
Europa (excluding Germany)	172	203	203
Asia (including IMEA***)	321	348	357
America	227	237	258
Total	1,601	1,731	1,761

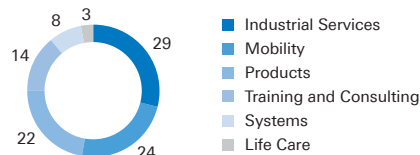
* Revenues at constant exchange rates.

** Including € 55.4 million in exports (previous year: € 55.1 million).

*** 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 AG Group revenues (including inventory changes) totaled €1,731.3 million in 2014. That amounted to a revenue increase of €130.5 million or relative revenue growth of 8.2% year-over-year.

Development of Revenues (including inventory changes) in € millions

2014*	943	818	1,761
2014	943	788	1,731
2013	881	720	1,601
2012	814	717	1,531
2011	788	629	1,417
2010	763	540	1,303
2009	735	446	1,181
2008	708	392	1,100
2007**	641	343	984

■ Germany ■ Abroad

* Revenues at constant exchange rates.

** Acc. to HGB.

In 2014, changes in exchange rates, particularly for the Brazilian real, the Japanese yen, the Argentine and Chilean peso and the South African rand, prevented an even higher increase in revenues. Keeping exchange rates constant, revenues were an additional €30 million higher, resulting in currency-adjusted revenues of €1,761 million. This corresponds to revenue growth of 10.0%. Added revenue in the amount of €97.0 million was obtained from the existing range of services; the extension of the scope of consolidation had a positive impact of €65.6 million on the increase in revenue, while the final application of proportionate consolidation in the previous year led to a revenue decline of €2.6 million in 2014.

Domestic revenue growth was not only organically based but was also influenced by acquisitions and consolidation effects. Worth noting in this connection are the acquisition of ISTec GmbH in the Industrial Services Business Stream, the full consolidation of the FSP Group in the Mobility Business Stream and of Secaron AG in the Training and Consulting Business Stream, which were included on a pro rata basis in 2013. Revenue growth abroad derives from acquisitions as well; takeovers such as the Risktec Group in Great Britain, OpenSky in the United States and NIFE in India had a particularly significant impact in the regions of Western Europe (excluding Germany) and America in 2014; revenue growth in Asia was mainly organic.

In the America region, revenue growth was negatively influenced by currency effects – especially in Brazil and Argentina.

The Industrial Services Business Stream again made the largest contribution. Revenues generated by this Business Stream grew by €38 million, equal to 7.7%; on the basis of constant exchange rates, growth was significantly higher, totaling €52 million, equal to 10.5%. The overall trend in exchange rates during the 2014 financial year was an unfavorable one. This had a negative impact particularly on the traditionally high-growth Project Management Business Field in Brazil. The Energy and Environment, the Electrical Engineering and Building Technology, as well as the Elevator, Conveyor and Machine Technology Business Fields were the main contributors to the increase in revenues. The significant increase in the Energy and Environment Business Field can be traced to acquisition of the Risktec Group in Great Britain in March 2014. Risktec issues risk and security analyses and offers technical training for possible risk scenarios; its contribution to revenue for 2014 stands at €32.8 million.

Due to the increased importance of non-destructive testing, this work area has been bundled in a Materials Testing and Non-destructive Testing Business Field. This is intended to improve opportunities for growth, particularly in the international Group context. Internationally, the Business Stream grew particularly in the Western Europe, IMEA, Central and Eastern Europe as well as Asia Pacific regions.

The Mobility Business Stream grew revenues by €36 million or 9.1%. This increase was primarily based on growth in the classic Periodical Technical Inspection, Railway Engineering and Car Services and Appraisal Business Fields. In the Periodical Technical Inspection Business Field, full consolidation of the FSP Group (provider of general vehicle inspections and emission inspections), which was included during the second half of 2013, along with the acquisition of smaller engineering firms in Germany, had a positive effect. Thus, the Mobility Business Stream grew mainly in Germany: Impetus for growth beyond Germany issues particularly from the Rail Business Field in the IMEA and Greater China regions. The Products Business Stream grew revenues

by €13 million or 3.3%. Keeping exchange rates constant, the Business Stream saw growth of €22 million, equal to 5.6%. In 2014, the Business Stream generated positive impetus for growth particularly in the Business Fields of Softlines (including testing of household products, cosmetics and textiles), Hardlines (furniture and toy testing and inspection of mechanical products) as well as Medical (certification of medical devices); this was enough to offset further decline in the Solar Business Field. Particularly encouraging are the revenue increases in the Food Business Field; demand increased for the food and animal feed testing offered within the framework of the TÜV Rheinland Foodcert Alliance®, in cooperation with independent laboratories. Growth in the Products Business Stream primarily occurred in the IMEA, Greater China, Central and Eastern Europe and South America regions.

In 2014, the Life Care Business Stream recorded an increase in revenues of 8.6% 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 Western Europe and South America are becoming increasingly important.

The Training and Consulting Business Stream again significantly increased its revenues in 2014, to €35 million. Particularly noteworthy in this context are the Business Fields of Information Security, Business Consulting, as well as Professional Training. In the Information Security Business Field, the acquisition of OpenSky in the United States, with a revenue share of €24.3 million, has contributed to this increase; this is compounded by the acquisition of Secaron AG in 2013, which was included on a pro rata basis in the consolidated financial statements for the previous year. With these acquisitions, TÜV Rheinland underscores the importance of this strategic business field while consistently expanding its market position. OpenSky and Secaron deal with network and computer-system security and serve both large and medium-sized companies in numerous industries, such as financial services, industry, logistics, automotive, aviation and aerospace as well as telecommunications. Additionally, in the Professional Training Business Field, the business

operation of NIFE in India was acquired; NIFE offers education and training in numerous training centers. This is how TÜV Rheinland is securing itself a share of the fast-growing Indian training market. The Training and Consulting Business Stream focusing on the United States and India grew far more international in 2014.

The Systems Business Stream grew revenues considerably by €12 million or 9.7%. Adjusted for currency translation effects, revenues in the Systems Business Stream grew by €16 million and thus 12.9% 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, South America and IMEA regions.

In Germany, the German Business Streams achieved 7.2% growth overall. Every Business Stream generated higher revenues in 2014 than in the previous year. Mobility, Industrial Services as well as Training and Consulting achieved the strongest growth as well, as a result of the afore-said acquisitions and consolidation effects. Solid organic growth was also achieved in the Systems, Life Care and Products Business Streams.

With a total of €788 million in revenue, the Group's international subsidiaries generated a considerable increase compared to the previous year. Adjusted for exchange rates, this figure actually stands at €818 million, equal to growth of 13.5%. As such, adjusted for exchange rates, 49.6% of the Group's revenues were earned either internationally or with international customers. The main areas driving growth were the Western Europe, North America, IMEA as well as Central and Eastern Europe regions.

In Western Europe, revenue surged due to acquisitions; the acquisition of the Risktec Group led to a significant increase in revenue in Great Britain. Declines in revenue in Spain and the Netherlands were offset in part through organic revenue growth in nearly all other Western European countries.

In Central and Eastern Europe, revenue rose by a significant 10%, due mainly to encouraging growth in Poland, but also in Hungary, the Czech Republic and Romania; the political and economic crisis in Russia however, prevented an even stronger increase in revenues in the region.

Adjusted for exchange rates, the Asia Pacific region saw an increase in revenues in the amount of 4.1%. South Korea scored the highest growth rate. Adjusted for exchange rates, a slight increase in revenues was generated in most countries in the region; at 1.3%, revenue in Japan was only slightly higher than the previous year's level, which was primarily due to a more difficult overall environment in the Group's Products Business Stream, particularly in the Electrical Business Field.

An overall slowdown in growth was seen in the Greater China region, with a revenue increase of 6.3% in 2014. While China and Hong Kong experienced exchange-rate-adjusted revenue growth of 10.8%, Taiwan reported a revenue decline year-over-year.

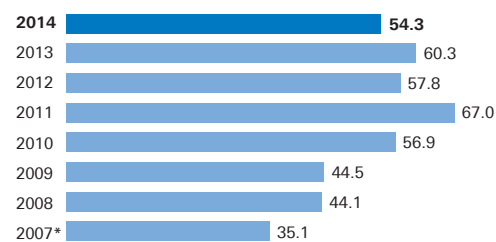
The IMEA region saw the highest growth in the TÜV Rheinland AG Group, with a growth rate of 35.7% (adjusted for exchange rates, even at 44.2%). Particularly the positive revenue trend in the Gulf States, India, South Africa and Turkey was decisive here; TÜV Rheinland continues to systematically extend its market position in this region through the establishment of other companies in the fast-growing Gulf States of Qatar and Oman.

The North America region shows a significant increase in revenue due to the acquisition of OpenSky. Holding exchange rates constant and excluding acquisitions, revenue in the region increased by 3.0%; a stable overall industry business was offset by revenue declines in Business Fields such as Solar and Electrical. In Mexico, the continued positive performance in Industrial Services and Mobility contributed to the growth in revenue.

Due to currency effects, revenue in South America was 6.5% lower than the previous year; currency-adjusted overall growth totaled to 3.6%. Thus, there was a noticeable effect due to strong devaluation of the Brazilian real and also of the Argentine peso against the euro, on the one hand; on the other hand, compared to previous years there was also a noticeable year-over-year slowdown of growth in Brazil, leading to delays in the demand for services in the energy and infrastructure areas. Continued high rates of growth were seen in Colombia, where TÜV Rheinland expanded only a few years ago.

Development of Income

Consolidated Net Income in € millions



* Acc. to HGB.

in € millions	2013	2014
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	175.2	172.5
Amortization of intangible assets and depreciation of property, plant, and equipment	-58.1	-62.3
Earnings before interest and taxes (EBIT)	117.1	110.2
Financial result	-18.5	-21.3
Earnings before taxes (EBT)	98.6	88.9
Taxes	-38.3	-34.6
Consolidated net income	60.3	54.3

At €172.5 million, earnings before interest, taxes, depreciation, and amortization (EBITDA) is only slightly below the previous year's total of €175.2 million.

Earnings before interest and taxes (EBIT) and earnings before tax (EBT) turned out below previous year and budgeted figures, improving compared to the previous year by 5.9% and 9.8%, respectively.

The year-over-year declines in earnings are the result of the Products as well as Training and Consulting Business Streams. The Systems, Industrial Services, Mobility and Life Care Business Streams were able to improve upon previous-year earnings. Market changes in the Electrical Business Field, combined with weakening demand in the Solar Business Field, are responsible for lower year-over-year earnings in the Products Business Stream. Earnings- and efficiency-enhancement measures were introduced in this area and will have an impact in the coming financial year in particular. In the Training and Consulting Business Stream, the Consulting Business Field is lower year-over-year. Significant improvements in earnings are achieved in the Customized Services Business Field in the Systems Business Stream. Exchange rate development had a negative impact of €0.5 million on total EBIT.

While the South America, Greater China, Asia Pacific and North America regions were affected by the decline in income in 2014, the Western Europe, IMEA, as well as Central and Eastern Europe regions saw improvement. In Brazil, Taiwan and the United States in particular, business was affected by increased competition, primarily in the Products and Industrial Services Business Streams, with corresponding price and margin pressure. Through active sales measures on the one hand, such as worldwide key account management, for example, and cost cutting on the other, the Group introduced steps to improve earnings.

Compared to the previous year, the cost of purchased services in proportion to total revenues went from 13.9% to 15.7%; this relates in particular to the acquisitions Risktec and OpenSky, as well as to consolidation effects.

The share of personnel expenses increased slightly, going from 55.8% the previous year to 56.2% in 2014.

At 20.7%, the percentage of other expenses decreased considerably from the previous year (previous year: 22.4%).

Other operating income fell, from 3.1% of revenue the previous year to 2.6%. The decline is related to a wide variety of individual items.

The change in financial result was mainly the outcome of compounding effects on acquisition-related purchase price liabilities as well as interest expense on the certificate of indebtedness loan agreement (Schuldscheindarlehen) issued in 2014.

At €88.9 million, earnings before taxes are 9.8% below the previous year's level of €98.6 million.

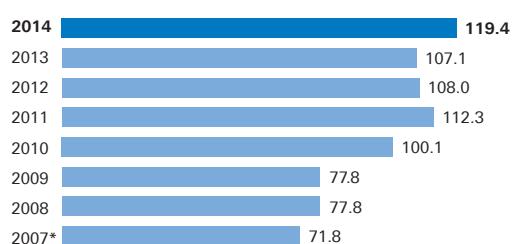
Of the €34.6 million in income taxes (previous year: €38.3 million), €20.7 million was accounted for by foreign countries. The tax rate was virtually unchanged and stood at 38.9%, compared to 38.8% the previous year. This relatively high tax rate related essentially to negative effects for which no deferred tax could be created asset side.

Consolidated net income on earnings in international companies changed by 9.9% and went from €60.3 million to €54.3 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 €119.4 million and was thus significantly higher than the previous year, by about 11.5%.

Cash flow from operating activities was also considerably higher year-over-year, rising to €103.8 million from the previous year's value of €91.5 (+13.4%). This was particularly the result of increased liabilities and the increase in pension

provisions recognized almost entirely directly in equity. This made it possible to offset the lower consolidated net income and the increase in accounts receivable.

In 2014, after taking asset disposals into account, investments (including the increase in reinsurance policies) led on balance to €157.7 million net outflow of funds. Cash flow from investing activities were affected particularly by the extensive corporate acquisitions combined with a cash outflow of €54.2 million, as well as increased investments in property, plant and equipment.

In the area of financing activities, long-term bank liabilities were taken on within the framework of issuance of the certificate of indebtedness loan agreement (Schuldscheindarlehen); all in all, these liabilities exceed repayments of short-term bank debt. After paying out dividends to the shareholder, cash flow from financing activities totaled €97.8 million.

Cash and cash equivalents as of December 31, 2014 totaled €154.0 million; as financial liabilities increased to €274.4 million, net financial liabilities stood at €120.4 million (previous year: €51.4 million). This year-over-year change is essentially related to the acquisitions carried out in 2014.

The dynamic debt-equity ratio, which specifies the length of time required to repay the Group's financial liabilities, was around 1.6 years in relation to EBITDA.

To ensure its ongoing solvency, the TÜV Rheinland AG Group maintains extensive current and non-current lines of credit, of which only a fraction was used as of December 31, 2014.

Balance Sheet and Capital Structure

The balance sheet total climbed significantly by 19.9% or €292.8 million to €1,761.2 million.

Non-current assets were 18.2% higher and increased significantly to €179.3 million. This increase can be explained mainly by the acquisitions carried out in 2014: The goodwill as well as the intangible assets identified in connection with the acquisitions of Risktec, OpenSky, NIFE

and ISTec increased by a total of €89.4 million; €177.9 million in investments in fixed assets were accompanied by depreciations of €62.3 million, disposals of €2.1 million (including intangible assets) and currency changes of €12.6 million. In addition, an increase in actuarial reserve quotas of €12.2 million had an effect on other financial assets. Deferred tax assets were considerably higher, mainly due to significantly increased pension provisions.

Current assets rose significantly to €113.5 million, reflecting an increase in cash and cash equivalents in the amount of €46.0 million and in other receivables and other assets amounting to €7.0 million. The sum of inventories and trade receivables is also – primarily as a result of the increase in revenue and the expansion of the scope of consolidation through acquisitions – €58.1 million higher year-over-year.

The increase in cash and cash equivalents, and in non-current financial liabilities on the liabilities side, are attributable to the issuance of a certificate of indebtedness loan agreement (Schuldscheindarlehen) in the amount of €165 million. A portion of the funds was used to finance acquisitions, as well as to provide early repayment of existing bank loans to take advantage of favorable trends in interest rates. In addition to securing attractive terms, the focus in the issuance of the promissory note is to optimize the maturity profile and transform short-term into long-term bank liabilities in order to be in a position to finance real estate and M&A projects with matched maturities.

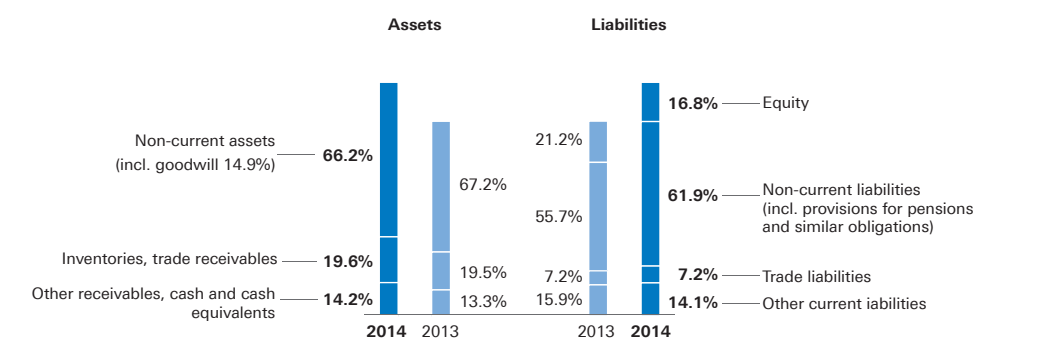
Total equity changed by €16.8 million and went from €312.0 million to €295.2 million. Main factors in this were, on the one hand, the positive addition from consolidated net income in the amount of €54.3 million, and on the other hand the significant increase in actuarial losses in the amount of €99.4 million, resulting from a reduction in the interest rate from 3.5% to 2.0% for the discounting of pension provisions. The dividend for the 2013 financial year amounting to €12.0 million, which was distributed to the shareholder TÜV Rheinland Berlin Brandenburg Pfalz e. V., also reduced equity. Additional positive changes, such as effects from currency translation as well as deferred taxes, increased equity by a total of €43.0 million.

The equity ratio thus changed, companion to a significantly increased balance sheet total, from 21.2% to 16.8%.

If there were external financing of pension obligations under a »Contractual Trust Agreement« (CTA) trust model, the equity ratio of the TÜV Rheinland AG Group would be almost 20%.

Within non-current liabilities, pension provisions increased significantly by €99.9 million, to €744.4 million, mainly because of the lowering by 150 basis points of the discount rate. In addition, other non-current liabilities were €45.2 million higher; this increase results from consideration of variable purchase price components in connection with the acquisitions carried out in 2014, as well as the recognition of a portion of the certificate of indebtedness loan agreement (Schuldscheindarlehen) vis-à-vis non-banks.

Balance Sheet and Capital Structure



In the net, the €37.5 million increase in current debt was the result of increased current provisions, trade payables and other current liabilities, on the one hand, and of lower current financial liabilities on the other. The €20.6 million increase in other current liabilities is also linked to purchase price liabilities for new acquisitions.

Assets committed on a non-current basis along with some of the Group's current assets were financed by non-current capital (non-current asset cover: 118.7%).

Investments

The volume of investments in the business year, not including corporate acquisitions, totaled €90.2 million.

The TÜV Rheinland AG Group is underscoring the importance of 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, with workspaces for up to 600 employees, a daycare center and a second cafeteria, will be completed in the spring of 2015. To date, €12.8 million was invested for this purpose in 2014. At the same time, and also at the location in Cologne, 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 €6.8 million was invested for this purpose in 2014. 2015 is also the year in which extensive renovation and modernization work will commence in the main building of Group headquarters in Cologne. €1.9 million was invested for the planning of this structural measure already in 2014. Furthermore, the Group made investments largely in laboratories, testing sites and software.

For testing laboratories, in particular in the work areas of energy efficiency, EMC (electromagnetic compatibility), chemical inspections as well as oil and gas, substantial investments were made in the total amount of €17.8 million. Asia Pacific and Greater China were the regional focal points. Above all, the investments in the growth markets

of China, South Korea and Hong Kong, with a total investment of €3.2 million, were of particular strategic importance for the global expansion of the laboratory network in 2014.

The Mobility Business Stream also invested a total of €14.5 million in expanding and improving the level of equipment in the network of motor-vehicle testing authorities. To further solidify the market position of TÜV Rheinland in the Chilean automotive testing market, three new test stations were erected in the urban metropolitan area of Santiago de Chile, and four existing testing centers were extensively modernized. This investment totaled €6.6 million in 2014.

Another investment focus in 2014 was on expanding and strengthening the IT infrastructure. Investment measures totaling €13.4 million were carried out for software and hardware. In particular, standardization of the software landscape within the TÜV Rheinland AG Group was consistently pursued, with the »TÜV Rheinland Workplace« project that had been launched in previous years continued. With the worldwide coordinated introduction of Microsoft products, the IT infrastructure across the Group will also be further standardized and improved to develop TÜV Rheinland's international network further. €2.0 million was invested for this purpose in 2014. IT-infrastructure performance was also further strengthened through investment in improved hardware, and specifically in increased server capacity and in more powerful telecommunication equipment, in the amount of €3.6 million.

PRESENTATION OF THE BUSINESS STREAMS

Business Situation

Since its founding in 1872, TÜV Rheinland has evolved from a regional testing organization to a leading international provider of testing, inspection, and certification services for quality and safety. Today, TÜV Rheinland is active with companies of its own in 69 countries around the globe.

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 centers, 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

With revenue of €546 million, in 2014 the Industrial Services Business Stream was able to continue on track for growth in spite of an at times difficult market environment. Adjusted for exchange rate effects, growth stood at 10.5%. The IMEA region emerged as a key driver of this positive development, with strong investment in the energy sector in particular. The German market was solid once again. An even better revenue trend was prevented in particular by the weakening economy in Brazil in the second half of 2014 and by a receding market for certifications in the »Clean Development Mechanism« field due to excess supply of conventional CO₂ emissions certificates.

The intended internationalization of business activities was pursued consistently during the reporting period. The focus here was particularly upon further expansion of TIC services as well

as consulting and project-management services in the core industries of energy, infrastructure and industrial components. In the area of certification of industrial components, there was a special emphasis on decentralizing the provision of services. Customer proximity is an important prerequisite to stronger organic growth here. In regional terms, the unchanged goal to increase the presence of the Business Stream not only in growth markets through high investment activity but in key countries of the global supply chain as well was pursued.

With the strategically important acquisition of Risktec Solutions Ltd. in Great Britain, TÜV Rheinland could significantly improve its position in the growing market for risk- and safety-related services while opening up new access to globally relevant clients in the energy sector. The opportunity for involvement in major projects at a very early stage improved noticeably as a result of the takeover. The services Risktec offers include risk- and security-related services as well as technical training and education programs in safety-critical and highly regulated industries worldwide. The core customer groups include the oil and gas industry, nuclear energy, as well as the railway engineering sector.

The successful acquisition of the ISTec GmbH – Institut für Sicherheitstechnologie, on the other hand, enables an extended offering for operators of power plants, plant manufacturers, and the processing industry in the areas of diagnostic and safety technology. ISTec complements existing Group core competencies for the development, implementation and review of safety technologies in the energy sector and in infrastructure projects.

In the area of industrial components, it was possible to conclude framework agreements with a major international manufacturer of elevators for the commissioning and periodic inspection of elevators along with process and management certification. The agreement initially extends to Germany, Belgium and Luxembourg. However, plans are already under way to extend the partnership to other European countries, accelerating international expansion in the elevator-inspections business.

The Business Stream reported encouraging progress in the securing of major projects in the energy and infrastructure sectors that are currently being implemented particularly in the South America and IMEA regions. In this connection, it turned out that demand was particularly high for the inspection services, construction supervision and non-destructive testing that TÜV Rheinland provides for builders and operators of plants. These services run the entire spectrum – from material to individual components to the entire plant.

The existing expertise from other gas pipeline projects resulted in a multi-year major order for construction supervision and inspection of the Peruvian South Pipeline, which at over 1,000 kilometers in length is the largest pipeline project in the Andean country. Yet major success was achieved in Europe as well: A major contract was acquired within the scope of new construction of a nuclear power plant in Poland. Project leadership is vested with the nuclear engineering field in Germany but Risktec and the Polish subsidiary of TÜV Rheinland are involved as well.

Landmark character possessed the order by a global manufacturer of wind turbines for the development of a safety report in the field of offshore wind; this order is being implemented under direction of Risktec. In contrast to the oil and gas field, for instance, in the field of offshore wind there has been no set of rules to date that requires a formal safety report. With this in mind, the object of the order is the development of a customized report covering the relevant risks over the entire lifecycle.

The Industrial Services Business Stream is responding to increasing demand on the part of customers in the energy sector by creating the new services area of »Asset Integrity Management« (AIM). This area links testing and consulting services to provide comprehensive monitoring of complex technical systems. The existing technical expertise, particularly in the areas of non-destructive testing, inspections and safety and risk analyses, is systematically supplemented by complementary services.

Further expansion of the service portfolio in the energy and infrastructure sectors will remain a focus of activities in 2015. In 2014, as part of the strategy process, the focus turned to strategic core areas and improvement of the earnings situation. This focus will be consistently pursued further in the regions – even if, in some countries, this might temporarily be accomplished at the expense of revenue growth.

Innovation should remain an important driver of the competitiveness of the Business Stream – taking the form not only of new services but also of intelligent combinations of existing services to create attractive service packages. In this connection, the emphases will be on specific methods for non-destructive testing, for remote monitoring of plants, and for the complex set of issues involved in automation technology with networked machines and systems.

Mobility

The Mobility Business Stream once again performed well in the 2014 business year with revenue of €435 million. Based on solid domestic business for the Business Stream, priorities were once again focused on expanding activities abroad.

In the future, 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 continued in 2014.

In the area of vehicle inspections, TÜV Rheinland was in a position to prevail in highly contested markets characterized by progressive market liberalization, even gaining market share in the process. In Germany, expansion at the national level continued, among other things through acquisitions of engineering offices in North Rhine-Westphalia. The expansion strategy in the field of vehicle inspections helps the Business Stream serve existing customers nationwide and, at the same time, reach new customers.

TÜV Rheinland managed to increase its presence internationally as well: In Santiago de Chile, the network of testing facilities was expanded through construction of three new testing facilities.

The Car Services and Appraisal Business Field performed positively, 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 2014, with a focus on the Western Europe, Asia Pacific (Japan in particular), and South America regions.

The Engineering/Type Approval Business Field reported growth again in 2014. Apart from strong business in the domestic market, revenue increased significantly particularly in the Asian region. In addition to the expansion of existing activities, TÜV Rheinland was able to extend its testing portfolio in Indonesia, among other places. TÜV Rheinland was approved as an authorized product-certification body for car wheels (rims) under the SNI Standard (Standard National Indonesia). This makes TÜV Rheinland currently the only private company in Indonesia in a position to perform certifications as well as tests for motor vehicle wheels under the SNI Standards.

The Rail Business Field also reported an upward revenue trend in 2014. To meet strong demand in the rail sector, TÜV Rheinland significantly expanded its consulting business, adding 35 new employees.

In the »Intelligent Transport Systems« (ITS) innovation area, the partnership between TÜV Rheinland and Ford was strengthened in 2014. TÜV Rheinland and Ford Werke GmbH are two of the twelve partners in the project »colognE-mobil«, which is funded by the German Federal Ministry of Transport. The project examines various aspects of the topic of ITS in the metropolitan area of Cologne, Germany. The project spans and electromobilizes regional and supra-regional passenger and cargo transport, public transport and private transport. As part of

»colognE-mobil«, TÜV Rheinland conducts individual assessments of all vehicles pursuant to European registration law and assists the remaining partners in all issues concerning the safety of the systems used. It also acquired a fleet of its own for testing purposes.

A number of IT projects designed to improve workflows and boost efficiency were initiated and carried out in 2014. For example, in the Mobility Business Stream the department continued 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 serves 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 the Mobility subsidiaries in Germany and abroad.

Products

2014 was a challenging year for the Products Business Stream. Important restructuring and global process changes were significantly pushed forward and implemented in 2014. They form part of a long-term orientation and growth strategy designed to secure the future viability and performance of the Business Stream. The Products Business Stream was in a position to continue its growth as a result: In 2014, growth of 5.6% and revenue of €413 million was achieved.

The highest rates of revenue growth were seen in the Food (17.5%), Hardlines (10.6%) and Softlines (10.0%) Business Fields. Investment in new laboratories in previous years, sales campaigns offering new service content, such as the QR code, along with systematic expansion in global key account management for retailers and manufacturers, formed the basis for this revenue growth. Electrical remained the economically most important Business Field in the Products Business Stream in 2014, generating 38% of the Business Stream's revenue. While revenue growth, at 2.9%, was somewhat more moderate than in the previous years, in this Business Field TÜV Rheinland

was nevertheless in a position to maintain its market leadership again in 2014 in terms of the number of the CB certificates issued worldwide in the international certification process for electronic consumer goods.

With marketable developments for testing of a variety of communication technologies (such as, for example, IP500, ZigBee, WiSUN, OpenADR or G3-PLC) and »wireless charging« (Qi and PMA), the worldwide laboratory capacities of TÜV Rheinland are perfectly positioned, particularly in the United States, Germany, the Netherlands, China, South Korea and Japan. With this focus on new future technologies such as the »Internet of things« (digital networking of items over the Internet), TÜV Rheinland will occupy a leading position as a global service provider.

In addition, with the IP500 Alliance the Products Business Stream also gained a new strategic partnership that permits global certification of products and systems solutions in the fields of building and safety engineering, access control (windows and doors), smoke detectors and building energy management. The IP500 Alliance is an open and international association of manufacturers, OEMs, and system integrators formed with the goal of establishing a standardized, secure and reliable platform technology for wireless sensor and actuator networks in the commercial-industrial environment.

At mid-year, a new energy-efficiency laboratory opened in Changwong (South Korea). Covering a total area of 1,600 square meters, it is the largest independent external laboratory for single and multiple air conditioning systems in South Korea and is equipped with the latest technical equipment. South Korean manufacturers now have the benefit of convenient and time-saving test services from a single source. Among other things, these test services include compliance and performance testing for energy efficiency that comply with international standards (for instance ISO 5151, EN 14511, ANSI/AHRI, ANSI/ASHRAE) and the national regulations of the respective country.

The portfolio in Italy was extended through investment in a new gas laboratory and an EMC chamber. In Nuremberg, a cutting-edge test center was commissioned in 2014 for the testing of pedelegs.

In the Solar/Fuel Cell Technology Business Field, the 7.2% decline in revenue was significantly lower than it had been the previous year. Despite lingering market weakness in the solar industry and a sustained drop in prices for Asian production operations, it was possible to defend global market leadership in this area. TÜV Rheinland is responding to changes in the market with a comprehensive realignment of the Business Field.

The »Market Access Services« service, an international manufacturer and product certification, was further expanded in 2014: TÜV Rheinland now offers its customers the opportunity to achieve quick market access from a single source for over 150 different countries.

The broad international scope of business is reflected in the distribution of revenue in the Products Business Stream. The Business Stream generates about 80% of its revenue outside of Germany, with a focus here on the Greater China and Asia Pacific 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, Japan, South Korea, Thailand and North America, in 2014 the innovative IT process management IPMS (Integrated Project Management System) for further worldwide harmonization and standardization of testing processes and procedures was also launched in India, Vietnam and Turkey. There are now more than 4,000 TÜV Rheinland employees working with IPMS in the five key regions. IPMS has made it possible to shorten average project processing times by 15% while ensuring the high quality of testing at the same time.

The Products Business Stream is thus undergoing a significant change process. The worldwide process improvements will particularly benefit customers by reducing the time that their test products spend in TÜV Rheinland laboratories while making services and processes more transparent: The stated goal is to provide everything from a single source, and at the local level.

Life Care

At €63 million, the Life Care Business Stream reached its revenue targets again in the year under report. The top issues of the previous year were consistently pursued, and customer orientation and service quality were improved even further. Customer service was further optimized nationwide in the focus market of Germany. This is facilitated by creation of annual work plans with customers that make the services covered under support agreements transparent and comprehensible. Further process improvements and the introduction of integrated standard software provide the basis from which to continuously improve efficiency and service quality while increasing performance significantly.

Services for customers remain focused on company health management and occupational health and safety. These services were successfully expanded in Germany and marketed internationally in selected target regions with growing success. At the domestic level, extensive qualification measures at all levels warrant mention, in addition to the establishment of further centers of excellence. This also repeatedly led to a measurable boost in employee retention.

After completing major projects in Eastern Europe and Brazil, the Business Stream acquired new, larger contracts for the automotive industry in Mexico and Brazil.

In pursuit of its strategy, the Business Stream thus confirms its ambitious organic growth and earnings targets. During the 2015 financial year, implementation is also supported within the framework of the newly created Academy & Life Care Business Stream. The company health management and occupational health and safety services represent a substantial part of the new Business Stream.

Training and Consulting

For the Training and Consulting Business Stream, the 2014 financial year was characterized by strong growth and a significant expansion of the international business base. Total revenue increased by around 17% to €258 million, due to a considerable extent to two acquisitions. In India, the business operations of the established training company NIFE were acquired; the firm holds a leading position in the local Indian market for training in the fields of fire prevention and workplace safety. The acquisition of OpenSky Corporation, a leading US company for independent consulting on security and IT infrastructure, created access to the largest and most important IT market in the world.

The Professional Training Business Field successfully held its own on the German market. In both publicly funded and the corporate- and private-client business, the TÜV Rheinland Akademie GmbH and TÜV Rheinland campus GmbH managed to offset declines in traditional business courses through increased use of new learning formats and digital education, thereby consolidating their leading position in the market of continuing professional training.

Internationally, the activities were focused mainly on the Asian continent. Through its acquisition of NIFE, TÜV Rheinland is now present with training centers at more than 70 locations in India. In addition, a large, international standards-oriented industrial and technical training center was built by a major Indian company in the energy sector in the Indian state of Rajasthan in the northwest of the country, with TÜV Rheinland participating in the planning phase and serving as operator of the center since its completion at the end of 2014.

In China, the range of services of the new automotive training center in Kunshan was extended to include specific opportunities for training and continuing education in the area of electromobility. In addition, under a project funded by the European Union («Switch Asia»), courses and advisory services for small and medium-sized enterprises in the field of energy efficiency and emissions reduction have been developed and included in the nationwide service portfolio.

In the Consulting Business Field, as in previous years, business activities in Germany are focused particularly on consulting and support projects in the telecommunications field. In addition to continuation of the project management order in the set-up and operation of the nationwide digital radio network for public authorities and organizations with security missions, a focus in the reporting year was on a major order placed by a leading operator in the mobile telephone sector. This multi-year project involves a comprehensive technical modernization and capacity expansion of the existing mobile telephone network, within the framework of which TÜV Rheinland is in charge of creating and coordinating contractual and logistics requirements. Under the broadband campaign by the German federal and state governments, additional consulting orders were issued for the creation of information centers and offices.

The general shortage of experts in Germany adversely affects the activities in the Personnel Services Business Field. This makes it increasingly difficult to attract suitable employees for temporary work. With this in mind, a focus is being placed on those industries, qualifications and projects (»Engineering Services«) that are closely related to the other Business Fields (such as IT and Telecommunications).

During the reporting year, TÜV Rheinland greatly expanded its international presence in the Information Security Business Field. The newly acquired OpenSky Corporation opened a branch operation in Great Britain, creating a bridge between the major markets for information security in the United States and Europe. Together with the business activities in Germany, which were very successful again in 2014 and in which TÜV Rheinland established itself as a leading independent consultant and solution provider for IT security through its smooth integration of Secaron AG, the Group is increasingly developing into a global player in this promising field.

At the beginning of the year, the increase in the service profile that this required, as well as the reference to fundamental societal and technological developments, particularly in the areas of education, health, and digitization (»megatrends«), led to the restructuring of the two Business Streams referenced below at TÜV Rheinland. All of the educational services offered by the Training and Consulting Business Stream were merged with the Life and Health Business Stream to create the new Academy & Life Care Business Stream. This makes it possible to create a more effective linkage between services for lifelong learning and health care against the backdrop of demographic change. In the future, the consulting and solutions competencies in the areas of IT security, telecommunications and project management will be bundled in the new ICT & Business Solutions Business Stream. This way, the challenges and opportunities of growing digitization in the world of work – the keyword here is »Industry 4.0« – can be operationalized better and implemented in attractive and tailored consulting and solution concepts.

Systems

The Systems Business Stream achieved a significant increase in revenue and profit again in the 2014 financial year. Revenue in 2014 totals to around €140 million.

The Business Stream evaluates management systems, processes, and companies according to internationally recognized standards or according to individual criteria tailored to the client's specific needs. The focus in 2014 was on the topic of »Supplier Evaluation«. The trend toward certification of energy-management systems, such as pursuant to DIN EN ISO 50001 and the German Energy-Saving Efficiency System Ordinance (SpaEfV), continued without interruption.

Again in 2014, the Systems Business Stream recorded positive developments in every single Business Field. In the accredited area, the year was characterized by preparations for the introduction of the newly revised DIN EN ISO 9001 (quality management systems standard) in 2015.

In the non-accredited services area, the issues of CSR (corporate social responsibility), sustainability, and supply chain audits remain the most dynamic areas. The trend toward industry-specific standards thus remains in effect.

Another focus in 2014 was on the development of a risk-management approach for the Business Stream that permits early detection and management of potential business risks. The first step of this focus involved »Brand Risk Management«, the goal of which is to preserve and protect a company's own brand reputation.

All in all, solid progress was also seen in the expansion and activation of the global network in the Systems Business Stream. A milestone in this connection was the introduction of a management function for international sales (Head of Global Sales Business Stream Systems) and, linked to this, the beginning of introduction of proactive major customer sales in the Business Stream, so-called »key account management« (KAM).

The roll-out of the ICMS process standard software (Integrated Certification Management System) continued in the regions of Asia Pacific, IMEA, Central and Eastern Europe and South America in 2014. Regional implementation will follow in 2015 in the countries involved. The goal is to be able to map more than 80% of the worldwide business with ICMS by the end of 2015. ICMS permits international standardization of processes, minimization of interfaces and use of an across-the-board SAP platform that maps all of the steps of the processes. Implementation of strategic projects continues to enjoy high priority as well. Additional areas of focus include expansion of the global network, particularly for distribution, and international KAM.

Developing new services remains an important job for the Business Stream. With this in mind, a more efficient and more successful innovation process will be developed and implemented in 2015.

EMPLOYEE REPORT

As of the reporting date of December 31, 2014, a total of 19,481 employees (full-time) are employed at TÜV Rheinland AG Group. The annual average number of employees rose from 17,947 to 19,320; this represents an increase of 7.7% 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 6.1% and, on the other hand – particularly as a result of significant revenue growth in the IMEA region and acquisitions in Great Britain and North America – on international growth of 8.7%.

Total staff (annual average)



In a company such as TÜV Rheinland, where success depends on the expertise, innovativeness, integrity and commitment of its employees, the human resources strategy forms a core element of corporate strategy. In a services group, growth can be achieved only if the team is also growing, and growing worldwide.

This is why TÜV Rheinland has systematically promoted the expansion of personnel management in the past few years and set strategic priorities worldwide for human resources: TÜV Rheinland would like to systematically promote staff diversity and ensure improvement in the internal feedback culture and the supply of young talents.

Even today, TÜV Rheinland already brings people together from many nations in its operations spanning 69 countries. The personnel effort is more global than ever before. More than 60% of the employees of TÜV Rheinland work abroad. This is what makes diversity an important part of the global strategy. For TÜV Rheinland, diversity

means appreciating and promoting employees' different skills and cultures. Inclusion creates the conditions for diversity by consciously focusing on these diverse skills. Diversity & inclusion are thus a central key to entrepreneurial success and employee satisfaction at TÜV Rheinland.

There are a variety of initiatives and measures that promote the areas of focus in personnel strategy. One such initiative is the Lighthouse Project for further development of the culture of leadership. Some 1,500 executives worldwide have played an active role in this process. According to the understanding of leadership as practiced at TÜV Rheinland, each manager should question him- or herself in view of gaining a grasp of one's own views of leadership and draw conclusions from this for the manager's own leadership behavior. With this Lighthouse Project, TÜV Rheinland seeks to define the shared center of understanding of leadership in a globally operating company. At the conclusion of the three-stage process, by summer 2015 generally accepted leadership principles will be articulated that will form part of the education and training of all managers.

A variety of change measures also resulted from the TÜV Rheinland employee survey »together«, which was carried out worldwide in 2013 for the second time. The follow-up process resulted in more than 500 implementation measures. Nearly 60% of these had already been completed by the end of 2014, and approximately 30% of the projects are ongoing activities.

TÜV Rheinland has instituted a new talent-search instrument in the form of the Young Professional Conference (YPC). At the YPC, selected talents from all over the world met for two days to discuss global megatrends and their significance for TÜV Rheinland under the guidance of senior executives from the HR area. The goal of the YPC is to identify international top talents and generate new potential business and product ideas for TÜV Rheinland.

Apart from professional and personal development of suitable employees, at TÜV Rheinland a life phase-oriented personnel policy also forms the basis for effective teamwork. Reconciliation of work and family forms an important part of our

social responsibility as a company. In this regard, the offerings available through TÜV Rheinland include flexible working hours, a variety of models for parental leave, and the opportunity to work from one's home office. Childcare spots are arranged through daycare centers, and support in the event of an emergency is provided nationwide. At the location in Cologne, beginning in May 2015 the opening of the first TÜV Rheinland company daycare center will provide added possibilities for childcare. The educational concept of the daycare centers involves plenty of exercise and healthy nutrition as well as promotion of the children's science skills.

TÜV Rheinland also continues to offer the TAFF Mentoring Program (TAFF = TÜV Program for Future Female Specialists and Managers) as well as cooperation with the European Women's Management Development Network (EWMD). The offerings are targeted specifically at women, systematically encouraging them in their career development.

The topic of health management is an important component as well. In the international TÜV Rheinland companies as well, the number of initiatives for a healthier lifestyle is steadily increasing. For example, the Indian employees now regularly use the news section of the »blue-eye« company portal to disseminate health and nutrition tips.

Another challenge of the globalized world is that of standardization of HR systems. In order to lay the groundwork for the development of global career paths, particularly for careers as specialists, TÜV Rheinland has made it its goal to introduce a uniform job-evaluation system throughout the Group. When the project is complete, each position throughout the organization will be assigned a global grade. To implement this, TÜV Rheinland has selected a system with a proven track record on the market, a system already successfully in use at a variety of leading companies.

TÜV Rheinland has received the »Top Employer« award for the seventh time in a row. In the »Secondary Benefits & Work-Life Balance« category, TÜV Rheinland placed among the top 10 of the 125 rated companies, and it even rated second in

the »Corporate Culture Management« category. TÜV Rheinland has also received Total E-Quality recognition, which evaluates the extensive range of measures for equal opportunities between men and women. In the Women's Career Index, an initiative of the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, TÜV Rheinland reached eighth place. The company health management area was also nominated for the prestigious HR Excellence Award in 2014. And TÜV Rheinland in Hong Kong can proudly display the »Happy Company« logo of the Happy Workplace Campaign for another year. The award is presented in recognition of companies that make a particular effort toward creating a pleasant working environment for their employees.

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.

An explicit discussion in the management framework manual and a detailed description in the quality management system define the risk management process. These documents are available around the world on the company's intranet. An interdisciplinary risk unit has long been in place at TÜV Rheinland AG.

Multiple amendments to applicable laws and provisions were passed in recent years with the goal of further 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 semi-annual 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. These areas include 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's occurrence. Additionally, the naming of planned countermeasures also represents a central component.

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 forms an essential foundation for recognizing risks as well as introducing and consistently pursuing specific efforts to avert 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.

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 and sets the relevant framework for TÜV Rheinland. Specifically, this framework includes the Code of Conduct, a compliance guideline, a guideline for avoiding conflicts of interest and corruption, 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 2014 business year, the TÜV Rheinland AG Group continued its activities devoted to corporate social responsibility and sustainability on the basis of the principles of the UN Global Compact and the IFIA (International Federation of Inspection Agencies). The TÜV Rheinland AG Group manages the topics of CSR (Corporate Social Responsibility) and compliance on the basis of sustainability management and a compliance management system. Here, the sustainability strategy forms the substantive framework; with its five areas – governance, sustainable human resource management, efficient energy and

resource consumption, social commitment and service responsibility – it helps strengthen the key factors for success, thereby helping achieve the goal of becoming the world's best sustainable and independent service company in the field of testing, inspection, certification, consulting and training. The targets set for TÜV Rheinland in the areas of climate change and diversity continued to determine the substantive continuation of the CSR program again in 2014.

Establishment of a power station on the site of the Group headquarters in Cologne (TÜV Rheinland Business Park) created an opportunity to cut future primary energy consumption at the site, together with the CO₂ emissions in which this results, by around 30%. In addition, the issue of diversity was anchored at the Chief Human Resources Officer level in 2014 with the creation of a Diversity & Inclusion Office. The Office will be responsible for both strategic development and operational implementation of the measures and instruments that this involves. In addition, the development and Group-wide implementation of HSE (Health, Safety and Environment) management continued, among other things through rollout of a Group-wide HSE Guideline and expansion of the network of HSE officers.

At the association level, TÜV Rheinland also dedicates itself to central issues as neutrality, objectivity and sustainability. As a signatory to the UN Global Compact, in the Steering Group of the German Global Compact Network, TÜV Rheinland works in collaboration with other stakeholders to implement and disseminate the principles of the UN Global Compact. TÜV Rheinland is also represented on the board of the IFIA. Parallel to this, the company's reputation and hence the TÜV Rheinland brand, is one of the most important corporate values. To retain this corporate value, TÜV Rheinland dedicates its energies, first, within the scope of its membership in the Association of German Technical Inspection Services (VdTÜV), and secondly through creation of added transparency. Accordingly, a newly

created transparency campaign will aim to give all stakeholders a clearer picture of what TÜV Rheinland is about, of what is tested and how, and of who is in charge of controlling even its own work. The instruments developed in the year under report include, among other things, a section specially devoted to the issue of transparency on the company's website, and the publication entitled »Prüfer prüfen« [»Inspectors inspect«].

In 2014, TÜV Rheinland once again identified new business opportunities with regard to sustainability and environmental issues. In this connection, not only regulatory developments but also global challenges for the economy and society are contributors to the business trend. In particular, the increasing demand for solutions for a sustainable energy supply will shape the global economy. Therefore, in 2014 as well, TÜV Rheinland placed the focus on its comprehensive range of services for the energy industry, bundling this as part of a special website entitled »E3 – Energy Expertise Everywhere«. TÜV Rheinland assists manufacturers, installers, operators and investors from all energy sectors, from large power-plant projects to small biogas plants, and serves the growing demand for services in the field of energy efficiency. In the Asia Pacific region, a new energy-efficiency laboratory for air conditioning systems was opened in 2014. In addition, in Germany a revised Energy Services Act goes into effect in early 2015 and prescribes mandatory, regular energy audits for companies of a certain size. The Industrial Services Business Stream can identify opportunities arising from increased demand for services in the Energy and Environment Business Field as a result of increased use of renewable energy sources.

Also increasingly important in Germany, moreover, is the issue of »demographic change«. With the demands placed on companies on the rise, this creates new opportunities for TÜV Rheinland in the area of demographics consulting.

Still other business opportunities are emerging in the field of sustainable product development and

sustainable supply-chain management. The Products Business Stream responded to this need with lifecycle assessment services (ecological tool for assessing products' environmental impact) and the Green Products certification (seal of approval for environmentally friendly and energy-efficient consumer products). For the Systems Business Stream, there are opportunities in the area of social compliance audits (control of working conditions) and supply chain audits. Effective this year, for instance, TÜV Rheinland is an official partner of the ILO (International Labour Organization) in the Project SCORE, the aim of which is to effectuate further improvements in working conditions in Chinese factories.

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 are new approaches in the area of non-destructive testing, online applications, knowledge transfer and test procedures for wireless devices subject to different standards and areas of application. Increased acquisition of major contracts, such as monitoring 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. For example, cross-sectoral solutions are offered for data and information security. As a result, this compensates for market-related risks, such as declines in demand due to regulatory changes or a downturn in certain sectors, such as the area of conventional power plants in Germany.

Major opportunities also continue to exist in the continued significant growth of international markets. These include, for example, India, the Gulf region and China, where a diversified presence and continued expansion of the range of services offered are helping tap further potential. 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 Gulf region and South America. The resulting network, which will follow globalized value chains and client demand even more closely, forms one of the most important strategic pillars of TÜV Rheinland. Another essential component in this regard is the increased M&A activity. Systematic acquisitions follow generic goals which were defined in the corporate strategy. Of particular note in this context are the development of risk and security services in Industrial Services, expansion in international presence and expertise in data and information security, and entry to the professional training market in India. 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 Eastern Europe, can be compensated for. Changes to the regulatory framework can result in a liberaliza-

tion of markets. On the one hand, this is associated with opportunities for TÜV Rheinland. In Germany, for instance, the area of mobility demonstrates that a targeted, nationwide presence, including the provision of solutions for corporate customers in saturated markets with cutthroat competition and the risk of declining numbers, is suitable to promoting long-term success. On the other hand, this also entails risks. One example here is Spain for the Industrial Services and Mobility Business Streams. Risks are also involved in sectoral developments, for example as the result of changes in customer requirements and demand in the field of information and telecommunications technology. In addition to this, various markets also pose a challenge in terms of finding skilled workers in numbers sufficient to enable further innovation and growth. Continued consolidation in the TIC industry, combined with price and margin pressure as well as increasingly fierce competition, 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 of 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 January 2014 by the Palatinate Court of Appeals [Pfälzisches Oberlandesgericht] of Zweibrücken and numerous district courts in 2013 and 2014. 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. 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. In September 2014, this legal opinion was confirmed by a decision of the District Court of Paris (Tribunal de Grande Instance de Paris). According to this decision, the District Court of Paris also found that TÜV Rheinland fulfilled its duties as notified body in compliance with the law and norms; this decision is thus consistent with the decisions of the criminal court of Marseille as well as the judgments of German courts.

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 at the Group level.

Targeted countermeasures are undertaken comprehensively at an early stage to minimize risks and strengthen opportunities. This applies not only to market, customer and competition issues but also to internal processes in particular, such as systematic integration following M&A transactions. Continuous tracking of measures 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, Compliance, Finance, Quality Management, Corporate Audit, Legal, 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 systematic 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 2015 to 2016

Economic Development in the Region	2015	2016
Worldwide	Moderate growth	Moderate growth
USA	Highly dynamic	Positive trend
Europe	Slight recovery	Moderate growth
Germany	Slight growth	Moderate growth
BRICS	Heterogeneous growth	Heterogeneous growth

Toward the end of 2014, the outlook for the global economy was affected by far-reaching developments in the oil and currency markets, as well as by uncertainties stemming from geopolitical and economic tensions. Overall, the economic experts of the International Monetary Fund forecast global gross domestic product growth of 3.5% for 2015. Developments in individual regional markets will vary widely, however. The oil-importing industrial regions such as the US, the Eurozone and parts of Asia, will receive an added boost by the drop in oil prices, as a result of which consumers' real income increases while businesses' production costs decline at the same time. The depreciation of currencies such as the euro or the yen will also invigorate foreign trade by export-oriented countries such as Germany. Currency depreciation against the US dollar, however, will attenuate the fall in oil

prices in local currencies and offset some of the positive effects. In addition, in many developed and emerging economies, weak investment, stagnation and low inflation place a burden on global economic development.

Key momentum driving global economic trends will most likely come from the United States. Bolstered by the low price of oil, a robust labor market and still favorable financing conditions, the US economy is driven by strong domestic demand. Only exports will suffer as a result of the current strength of the dollar. Overall, economists expect the US economy to grow by 3.6% in 2015.

In the Eurozone, the economic recovery will continue. Despite favorable conditions, though, the momentum of the recovery will not significantly gather steam. Rising domestic demand in the wake of low oil prices, favorable export conditions due to a weak euro and further extensions in expansionary monetary policy through the ECB program to purchase government bonds are partly offset by weaker investment, structural deficits and deflationary tendencies. In addition, existing uncertainties such as the staying of Greece in the monetary union could have a paralyzing effect on economic performance. Altogether, gross domestic product growth of 1.2% is being forecast for 2015.

The German economy can benefit slightly more from the favorable economic conditions than the European countries that surround it. The weak euro further boosts foreign trade for Germany as a strongly export-oriented economy. In addition to the low price of oil, German domestic demand also benefits from the continued favorable labor market situation. There is no danger for the time being of damage to the German economy through deflationary tendencies. Nevertheless, Germany cannot completely escape the difficult economic environment. The hard-to-assess risks associated with the

European currency area could also hamper the German economy. Overall, Germany's gross domestic product is expected to grow by 1.5% in 2015.

In the medium term, the fall in oil prices will have a negative impact for the oil-exporting regions. Above all, the performance of the Russian economy will suffer as a result of this, as well as in the wake of the geopolitical tensions in conjunction with the Ukraine crisis in 2015 (-3.0%).

Asian economic performance as a whole will continue to exhibit robust growth. While the very high rates of growth in China will gradually normalize, economists still predict an additional thrust of growth for India (+6.3%).

The positive assessment of both global economic and national economic trends overall is increasingly dependent on a series of central factors, however. Risks exist particularly as the result of an unexpected rise in oil prices or turmoil in the global financial markets. Further sanctions against Russia also pose an economic risk.

TÜV Rheinland AG Group Outlook

As global economic growth increases slightly, the TÜV Rheinland AG Group expects to continue its successful performance from previous years in 2015. Furthermore, the testing and certification industry and particularly the range of services offered by TÜV Rheinland, along with its international presence, are so resilient that even in the event of economic or political crisis, no significant declines in revenues or earnings are to be expected.

In this environment, the company plans to generate similar levels of organic growth in all Business Streams for the current year 2015 similar to that of 2014. Furthermore, corporate acquisitions can further strengthen this development. The EBIT margin should be increased as well.

The Industrial Services Business Stream plans to generate somewhat lower revenue growth, which will be achieved both through international business as well as in the solid home market of Germany. The main focus for growth is on activities in Energy and Environmental Technology, Electrical Engineering and Building Technology and Material Testing. The focus markets continue to be energy, oil, gas, and infrastructure. The highest rates of growth are expected in IMEA, North America and Greater China.

The Mobility Business Stream will also grow significantly in terms of revenue, yet at a rate lower than the previous year's. The leading contributors to this growth in Germany are the Technical Inspections, Car Services and Appraisals and Railway Engineering Business Fields, which will increase the most internationally as well. Above-average revenue growth will be seen in the IMEA, Asia Pacific and Greater China regions.

Following increased growth the previous year, the Products Business Stream expects significantly higher revenue growth. This applies to business both in Germany and in the international regions as well. Western Europe expects the second-highest revenue growth after IMEA. Nearly all Business Fields will grow at a higher rate, led by Food, Medical and Electrical. Services in the innovative areas of wireless communication, LED, and smart grids will continue to provide additional growth momentum.

The newly formed Academy & Life Care Business Stream expects rising revenue volume in 2015. This applies to all areas of business in Germany. Internationally, workplace-safety projects will be accelerated with major customers along with the training business in IMEA, Greater China and Western Europe.

The newly focused ICT & Business Solutions Business Stream will grow significantly in 2015. This applies not only to the Information Security Business Field but to Business Solutions as well. Integration of Secaron and OpenSky has been completed or is well underway. The share of international business will rise considerably.

The Systems Business Stream, which is oriented toward accredited and non-accredited certification of management systems, expects revenue growth on the same order of magnitude as the previous year. This applies to Germany and all international regions. In addition to established standards, particular focus is placed on non-accredited services. Worldwide installation of the ICMS standard process software will continue.

EVENTS AFTER THE REPORTING PERIOD

Effective January 1, 2015, the Supervisory Board appointed Dr.-Ing. Michael FÜbi the new Chief Executive Officer of the Executive Board.

Executive Board

Dr.-Ing. Michael FÜbi

Chief Executive Officer (from January 1, 2015)

Dr.-Ing. Manfred Bayerlein

Chief Executive Officer (until March 31, 2014)

Thomas Biedermann

Chief Human Resources Officer and
Director of Industrial Relations

Ulrich Fietz

Chief Financial Officer
Spokesman (April 1 to December 31, 2014)

Volker Klosowski

Chief Technology Officer (until March 31, 2014)

Ralf Scheller

Chief International Officer (from April 1, 2014)

Stephan Schmitt

Chief International Officer

CONSOLIDATED FINANCIAL STATEMENTS

TÜV RHEINLAND AKTIENGESELLSCHAFT FOR THE REPORTING YEAR 2014

Income Statement

In '000 €	Note	2013	2014
Revenues	(10)	1,603,277	1,731,161
Inventory changes	(10)	-2,427	176
Cost of purchased services		-222,909	-272,334
Operating performance		1,377,941	1,459,003
Personnel expenses	(11)	-892,560	-972,312
Amortization of intangible assets and depreciation of property, plant, and equipment	(12)	-58,151	-62,286
Other expenses	(13)	-359,263	-358,811
Other income	(14)	49,094	44,625
Operating result		117,061	110,220
Interest income		13,477	13,107
Interest expenses		-29,265	-33,982
Other financial result		-2,684	-406
Financial income	(16)	-18,472	-21,281
Earnings before tax		98,589	88,938
Income taxes	(17)	-38,271	-34,652
Consolidated net income		60,318	54,287
Thereof attributable to:			
TÜV Rheinland Aktiengesellschaft equity holders		54,394	47,714
Non-controlling interests	(18)	5,924	6,573
Earnings per share (in €)	(19)	1,554	1,363

Balance Sheet

In '000 €	Note	12-31-2013	12-31-2014
Assets			
Intangible assets	(20)	245,022	346,248
Property, plant, and equipment	(21)	400,777	425,652
Investment accounted for using the equity method	(23)	994	2,829
Other financial assets	(24)	271,235	287,005
Other non-current assets	(25)	12,020	17,102
Deferred tax assets	(17)	57,358	87,875
Non-current assets		987,406	1,166,711
Inventories	(26)	16,446	3,227
Trade receivables	(27)	269,990	341,356
Income tax receivables	(27)	6,403	8,629
Other receivables and other current assets	(27)	80,266	87,312
Cash and cash equivalents	(28)	107,917	153,961
Current assets		481,022	594,484
Total assets		1,468,428	1,761,195
Equity and liabilities			
Issued capital		35,000	35,000
Capital reserves		23,802	23,802
Other reserves		236,902	216,553
Non-controlling interests	(18)	16,311	19,860
Equity	(30)	312,015	295,215
Provisions for pensions and similar obligations	(31)	644,508	744,443
Other non-current provisions	(32)	14,473	16,407
Non-current liabilities	(33)	138,614	308,245
Deferred tax liabilities	(17)	19,704	20,317
Total non-current liabilities		817,299	1,089,411
Current provisions	(32)	65,469	71,651
Income tax liabilities	(33)	5,749	5,956
Trade liabilities	(33)	106,458	126,360
Other current liabilities	(33)	161,438	172,603
Total current liabilities		339,114	376,569
Total equity and liabilities		1,468,428	1,761,195

Cash Flow Statement*

In '000 €	2013	2014
Consolidated net income	60,318	54,287
Amortization, depreciation, and impairment/reversal of impairment of intangible assets and property, plant, and equipment	58,150	62,286
Impairment/Reversal of impairment of financial assets	507	11
Change in non-current provisions	-11,859	2,828
Change in deferred tax assets and deferred tax liabilities	3,880	1,907
Profit/Loss from the disposal of intangible assets and property, plant, and equipment	427	468
Other non-cash income/expense	157	-1,639
Change in inventories, receivables, and other assets	14,292	-52,343
Change in liabilities and current provisions	-34,390	35,973
Cash flow from operating activities	91,483	103,778
Payments for investments in		
Intangible assets and property, plant, and equipment	-63,864	-90,219
Financial assets**	-19,673	-31,508
Shares in fully consolidated companies (less cash and cash equivalents taken over)	-8,727	-54,225
Receipts from disposal of		
Intangible assets and property, plant, and equipment	4,326	3,174
Financial assets	16,528	15,064
Shares in fully consolidated companies (less cash and cash equivalents disposed of)	-97	0
Cash flow from investing activities	-71,507	-157,714
Payments to shareholders of TÜV Rheinland Aktiengesellschaft	-16,500	-12,000
Payments to non-controlling shareholders	-5,066	-5,287
Receipts from bank borrowings	57,900	179,060
Payments from lending from banks	-27,122	-63,995
Cash flow from financing activities	9,212	97,778
Change in cash and cash equivalents	29,188	43,841
Change in cash and cash equivalents related to currency translation and consolidation	-9,640	2,202
Cash and cash equivalents at beginning of period	88,369	107,917
Cash and cash equivalents at end of period	107,917	153,961

* For further details see Note (39).

** Including changes in valuation.

Statement of Comprehensive Income

In '000 €	2013	2014
Remeasurement of defined benefit plans	1,555	-99,414
Deferred taxes on items of other comprehensive income (OCI) that will not be reclassified subsequently to profit or loss	-305	31,374
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	1,250	-68,040
Available-for-sale financial assets (securities)	-2	-156
Gain or loss on currency translation	-19,559	11,647
Cash flow hedges	515	-1,560
Deferred taxes on items of other comprehensive income (OCI) that may be reclassified subsequently to profit or loss	-161	438
Items of other comprehensive income that may be reclassified subsequently to profit or loss	-19,207	10,368
Other comprehensive income	-17,957	-57,672
Consolidated net income	60,318	54,287
Consolidated comprehensive income	42,361	-3,385
Thereof attributable to:		
TÜV Rheinland Aktiengesellschaft equity holders	36,590	-8,093
Non-controlling interests	5,771	4,708

Statement of Changes in Equity*

In '000 €	Issued capital	Capital reserves	Retained earnings
As at 2013-01-01	35,000	23,802	219,634
Recognized income and expenses (comprehensive income)	0	0	55,531
Dividends paid	0	0	-16,500
Changes in scope of consolidation	0	0	-133
Non-controlling transactions	0	0	-271
Other changes	0	0	-7
As at 2013-12-31/2014-01-01	35,000	23,802	258,254
Recognized income and expenses	0	0	-18,088
Dividends paid	0	0	-12,000
Changes in scope of consolidation	0	0	14
Non-controlling transactions	0	0	-270
Other changes	0	0	0
As at 2014-12-31	35,000	23,802	227,911

* For further details see Note (30).

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			
-1,706	91	-796	276,025	15,744	291,769
-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
-20,999	93	-446	295,704	16,311	312,015
11,194	-76	-1,122	-8,093	4,708	-3,385
0	0	0	-12,000	-5,287	-17,287
0	0	0	14	71	85
0	0	0	-270	-92	-362
0	0	0	0	4,150	4,150
-9,805	17	-1,569	275,355	19,860	295,215

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE REPORTING YEAR 2014

GENERAL INFORMATION

(1) Fundamentals

The TÜV Rheinland AG 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 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 2014 reporting year to the Supervisory Board for approval on March 9, 2015.

The reporting currency is the euro (€), the reporting unit is €'000 (thousands of euros). There may be differences in totals due to commercial rounding.

(2) Scope of consolidation

In addition to TÜV Rheinland AG, Cologne, the consolidated financial statements cover 53 German (previous year: 53) and 94 foreign (previous year: 83) 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, two foreign (previous year: 1) joint ventures and one international associate (previous year: 1) were included in the consolidated financial statements using the equity method.

The scope of consolidation was expanded by the first-time inclusion of one German and eleven international subsidiaries. These additions concern ten acquisitions as well as the first-time inclusion of one newly established subsidiary and one company not previously consolidated for reasons of materiality. The scope of consolidation was reduced by one domestic company due to merger or disposal. The group of joint ventures increased as a result of the acquisition of one foreign company.

The subsidiaries, joint ventures, and associates included in the consolidated financial statements are listed in Note (42) along with the consolidation method applied. The consolidation methods applied are described in Note (4). 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 January 7, 2014, 100% of the shares of OpenSky Corp. (since renamed TÜV Rheinland OpenSky Corp.) were acquired within the TÜV Rheinland AG Group. Based in Tolland/Connecticut (USA), the company is a provider of consulting services in the field of information technology, particularly in IT security and infrastructure. The purchase price was €32,039 thousand and is being paid in four installments – some of which are interest-bearing and some performance-based. The incidental acquisition costs totaled €521 thousand. They were recognized as an expense in the period. The goodwill created on the acquisition date amounted to €26,834 thousand. The consolidated financial statements include revenues by TÜV Rheinland OpenSky Corp. of €24,303 thousand as well as net income in the amount of €929 thousand for the period from January 7, 2014 to December 31, 2014. If the acquisition had been made at the beginning of the reporting period, revenues would have totaled €24,566 thousand and net income would have totaled €810 thousand.

Effective February 1, 2014, the business operations of NIFE, headquartered in Kochi/Kerala (India), were taken over. NIFE provides education and training in more than 75 training centers. Directly following the acquisition, business operations were integrated in the newly established TÜV Rheinland NIFE Academy Private Ltd. The purchase price was €3,750 thousand and was paid in cash. The incidental acquisition costs totaled €117 thousand. They were recognized as an expense in the period. The goodwill created on the acquisition date amounted to €3,626 thousand. The consolidated financial statements include revenues by TÜV Rheinland NIFE Academy Private Ltd. of €3,651 thousand and net income in the amount of €292 thousand for the period from February 1, 2014 to December 31, 2014. If the acquisition had been made at the beginning of the reporting period, revenues would have totaled €3,807 thousand and net income would have totaled €324 thousand.

Effective March 1, 2014, 100% of the shares in Risktec Solutions Ltd. (including seven fully consolidated subsidiaries, one joint venture accounted for using the equity method, and three subsidiaries not consolidated for reasons of materiality) were acquired within the TÜV Rheinland AG Group. The individual companies can be seen in the list of the Group's shareholdings under Note (42). Headquartered in Warrington (Great Britain), the company is a provider of consulting and training services in the field of risk management. The purchase price was €63,307 thousand and is being paid in eight installments – some of which are interest-bearing and some performance-based. The incidental acquisition costs totaled €896 thousand. They were recognized as an expense in the period. The goodwill created on the acquisition

date amounted to €44,696 thousand. The consolidated financial statements include revenues by Risktec Solutions Ltd. and its subsidiaries of €32,773 thousand and net income in the amount of €2,885 thousand for the period from March 1, 2014 to December 31, 2014. If the acquisition had been made at the beginning of the reporting period, revenues would have totaled €38,957 thousand and net income would have totaled €3,860 thousand.

Effective April 1, 2014, 100% of the shares of ISTec GmbH (since renamed TÜV Rheinland ISTec GmbH) were acquired within the TÜV Rheinland AG Group. Headquartered in Cologne (Germany), the company is a specialist provider of diagnostics and safety technology for industry and power plants. The purchase price was €2,169 thousand and was paid in cash in two installments. The incidental acquisition costs totaled €86 thousand. They were recognized as an expense in the period. The goodwill created on the acquisition date amounted to €612 thousand. The consolidated financial statements include revenues by TÜV Rheinland ISTec GmbH of €3,367 thousand and net income in the amount of €45 thousand for the period from April 1, 2014 to December 31, 2014. If the acquisition had been made at the beginning of the reporting period, revenues would have totaled €4,496 thousand and net income would have totaled €78 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 2014 were as follows:

In '000 €	TÜV Rheinland OpenSky Corp.		TÜV Rheinland NIFE Academy Private Ltd.	
	Before acquisition	After acquisition	Before acquisition	After acquisition
Non-current assets	251	7,750	122	122
Cash and cash equivalents	377	377	607	607
Other current assets	3,495	3,495	157	157
Thereof trade receivables	3,285	3,285	157	157
Non-current liabilities	1,104	4,066	8	8
Current liabilities	2,362	2,362	753	753

In '000 €	Risktec Solutions Ltd. (incl. subsidiaries and joint ventures)		TÜV Rheinland ISTec GmbH	
	Before acquisition	After acquisition	Before acquisition	After acquisition
Non-current assets	612	6,432	230	230
Cash and cash equivalents	5,814	5,814	191	191
Other current assets	13,401	13,401	2,349	2,349
Thereof trade receivables	10,682	10,682	1,534	1,534
Non-current liabilities	0	0	0	0
Current liabilities	5,683	7,037	1,213	1,213

(4) Consolidation Principles

(a) Subsidiaries

Subsidiaries are all companies (including structured entities) which are controlled by the parent TÜV Rheinland AG. Cumulatively, control requires the existence of power over the investee, exposure, or rights, to variable returns from its involvement with the investee, as well as the ability to use its power over the investee to affect the amount of the investor's return. 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 cost of the acquisition corresponds to the fair value of the assets given, the equity instruments issued and the liabilities incurred or assumed as of the transaction date. Transactions between Group companies are eliminated. In the case of unrealized losses, these are seen as an indication 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) Joint ventures

Joint ventures are companies subject to the joint of two or more parties, whereby, the parties have rights to the net assets of the joint venture. With first-time application of IFRS 11 as well as the revised version of IAS 28, the shares in the joint venture are also included in the consolidated financial statements according to the equity method.

(c) Associates

As of the end of the reporting period, one company on which TÜV Rheinland AG can exercise material influence was included in the consolidated financial statements pursuant to IFRS (previous year: one). The equity method as per IAS 28 (2011) was used for this associate.

As in the previous year, all of the Group's shareholdings listed under Note (42) correspond 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 recognized in other comprehensive income.

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

	Closing exchange rate		Annual average exchange rate	
1€ equals	As at 2013-12-31	As at 2014-12-31	2013	2014
Chinese yuan renminbi (CNY)	8.331	7.555	8.169	8.153
Brazilian real (BRL)	3.252	3.241	2.864	3.124
US dollar (USD)	1.377	1.217	1.329	1.324
Japanese yen (JPY)	144.512	145.244	128.548	140.740
New Taiwan dollar (TWD)	41.054	38.600	39.508	40.159
Hong Kong dollar	10.675	9.437	10.305	10.265
British pound (GBP)	0.833	0.782	0.847	0.805

(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. Separate statements are prepared on the reporting date of the consolidated financial statements. Assets and liabilities are presented 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.

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 seqq. 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 the orders.

Goodwill is analyzed at least once a year for indications of impairment in accordance with IAS 36, with the impairment tests being carried out on the basis of cash-generating units. The TÜV Rheinland AG 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. Goodwill impairment losses are not reversed.

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 upon recognition, 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 these 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 less than the carrying amount, an impairment of the intangible assets is recorded. If the reasons for this impairment no longer apply, corresponding write-ups are undertaken. Intangible assets with an indefinite useful life are not subject 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 depreciation or impairment losses. Scheduled depreciation is principally undertaken in accordance with the straight-line method. Buildings and building components are depreciated over 80 years at most, and other tangible fixed assets are depreciated over three to 15 years. In Germany, low-value assets are included in an annual compound item at the time of addition. 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 less than the carrying amount, an impairment loss of property, plant, and equipment is recognized. If the reasons for this impairment no longer apply, the impairment loss is reversed.

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.

With the application of IFRS 10 TÜV Rheinland Grundstücksgesellschaft Nürnberg mbH & Co. KG and TÜV Rheinland Grundstücksgesellschaft mbH & Co. KG, which were formerly classified as special-purpose leasing vehicles in accordance with IAS 27 in combination with SIC 12, remain consolidated as structures entities.

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 AG Group. Classification depends on the purpose for which the respective financial assets were acquired. 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 AG 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. On disposal, the amounts stated in other comprehensive income are transferred to the income statement.

If there is objective evidence of a material or permanent impairment of assets classified as »loans and receivables« or as »available-for-sale financial assets«, an impairment loss is 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, either on the income statement or in other comprehensive income, depending on the nature and characteristics of the hedge.

At the TÜV Rheinland AG 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 AG 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. 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 gains and losses are stated in other comprehensive income.

Tax deferrals and accruals are recognized 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 recognized for loss carryovers, interest carried forward, and tax refund entitlements, insofar as they are reasonably certain to be realized. Tax deferrals are not recognized, however, if they result from initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, effected neither accounting profit nor taxable profit (tax loss). The TÜV Rheinland AG Group states deferred tax liabilities resulting from temporary differences associated with investments in subsidiaries, joint ventures and associates, unless it can dictate the timing when the temporary differences will be reversed, and this influence makes it unlikely that the temporary differences will be reversed in the foreseeable future. Tax deferrals are determined on the basis of the tax rates expected to apply at the time of realization. Deferred tax assets are written down if future realization of the corresponding 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 circumstances warrant, 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 and fair value less cost of sale.

For defined benefit pension plans, **provisions for pension commitments and similar obligations** are measured in accordance with the projected unit credit method. Here, future obligations are measured using actuarial methods and based on a conservative estimate of the relevant factors.

Provisions for pensions are created on the basis of pension plans for old age, disability, and survivor benefit commitments. The TÜV Rheinland AG 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. Defined benefit obligations are offset against any plan assets in the balance sheet.

Actuarial gains and 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 defined benefit obligations 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 probable 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 their expected utilization date.

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 AG 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.

Non-derivative liabilities disclosed under trade liabilities, other financial liabilities and miscellaneous **liabilities** are stated at fair value less transaction costs as of 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. These estimates 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 may differ from these estimates.

Impairment tests of goodwill are undertaken at least once a year on the basis of the smallest cash-generating unit to which the goodwill has been allocated 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 an impairment loss.

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 (31). The change in parameters would not, however, influence the current year's consolidated profit, because actuarial gains and losses are stated in other 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 27 »Separate Financial Statements« (previously: »Consolidated and Separate Financial Statements«);
- ▲ Revised version of IAS 28 »Investments in Associates and Joint Ventures« (formerly: »Investments in Associates«);
- ▲ Revised version of IAS 32 »Financial Instruments: Presentation« (name of the amendment: »Presentation – Offsetting a Financial Asset and a Financial Liability«);
- ▲ Revised version of IAS 36 »Impairment of Assets« (name of the amendment: »Recoverable Amount Disclosures for Non-Financial Assets«);
- ▲ Revised version of IAS 39 »Financial Instruments: Recognition and Measurement« (name of the amendment: »Novation of Derivatives and Continuation of Hedge Accounting«);
- ▲ IFRS 10 »Consolidated Financial Statements«;
- ▲ IFRS 11 »Joint Arrangements«;
- ▲ IFRS 12 »Disclosure of Interests in Other Entities«;

▲ Revised versions of IFRS 10, IFRS 12 and IAS 27 (name of the amendment: »Investment Entities«);

▲ Revised versions of IFRS 10, IFRS 11 and IFRS 12 (name of the amendment: »Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance«)

The revised version of IAS 27 prescribes the accounting for and the disclosure of investments in subsidiaries, joint ventures and associates for the preparation of separate financial statements. The revision of IAS 27 does not result in any changes for the TÜV Rheinland AG Group.

The revised version of IAS 32 specifies the guidance for offsetting financial instruments. This does not result in any changes for the TÜV Rheinland AG Group, as it represents merely a clarification of existing rules.

The revised version of IAS 36 is not relevant to the TÜV Rheinland AG Group at this time, as there are no significant impairments to report.

Also not relevant to the TÜV Rheinland AG Group is the amendment to IAS 39, as there is no case of novation of derivatives.

IFRS 10 replaces the rules for consolidated financial statements previously in scope of in IAS 27 and SIC 12. Application of the control approach now set as a uniform principle under IFRS 10 did not result in any changes to the consolidated financial statements of TÜV Rheinland AG compared to the previous regulations.

IFRS 11 replaces IAS 31 and SIC 13 and specifies the classification of joint arrangements. The following provision is primarily relevant for the TÜV Rheinland AG Group: IFRS 11 requires investments in joint ventures to be recognized using the equity method in accordance with IAS 28 (2011). Application of the formally applied proportional consolidation is no longer permissible. The revised accounting of investments in joint ventures was implemented in accordance with the relevant transitional provisions of IFRS 11

in its revised form. The initial value as of January 1, 2013 for the purpose of applying the equity method corresponds to the carrying amount of the assets and liabilities that the Group had proportionally consolidated up to that point. The effects of applying of IFRS 11 for 2013 as the period immediately preceding the date of initial application are not material. The shift from proportional consolidation to the equity method had no significant effect on the recorded assets or liabilities or the Group's consolidated net income.

As a result of IFRS 12, the TÜV Rheinland AG Group has expanded the disclosures it makes about its investments in subsidiaries and about companies accounted for using the equity method.

The amendments to IFRS 10, IFRS 12 and IAS 27 in respect of investments entities are not relevant for the TÜV Rheinland AG Group because the amendments concern the way investments in subsidiaries are treated in the separate and consolidated financial statements of investment entities.

The amendments to IFRS 10, IFRS 11 and IFRS 12 include clarifications and specifications relating to the transitional guidance along with practical expedients for initial application. These have been taken into account accordingly.

None of the aforementioned rule changes has any material effect on the TÜV Rheinland AG Group's assets, financial position, profitability, or cash flows.

(9) Accounting Standards Not Applied

The announcements listed below will first be adopted by the TÜV Rheinland AG Group when their application becomes mandatory. Their adoption is contingent upon the European Union's endorsement of these standards. For the IFRS consolidated financial statements as of December 31, 2014, no interpretations or new or revised standards were applied that are mandatory for reporting years beginning on or after January 1, 2015. The standards and interpretations in question are as follows:

Mandatory initial application in the 2015 reporting year:

- ▲ IFRIC 21 »Levies«;
- ▲ »Annual Improvements Cycle 2011-2013« (»2011-2013 Cycle«).

Mandatory initial application in the 2016 reporting year or later:

- ▲ Revised version of IAS 1 »Presentation of Financial Statements« (name of the amendment: »Disclosure Initiative«; not yet adopted by the EU);
- ▲ Revised versions of IAS 16 »Property, Plant and Equipment« and IAS 38 »Intangible Assets« (name of amendments: »Clarification of Acceptable Methods of Depreciation and Amortization«; not yet adopted by the EU);
- ▲ Revised versions of IAS 16 »Property, Plant and Equipment« and IAS 41 »Agriculture« (name of amendment: »Agriculture: Bearer Plants«; not yet adopted by the EU);
- ▲ Revised version of IAS 19 »Employee Benefits« (name of the amendment: »Defined Benefit Plans: Employee Contributions«);
- ▲ Revised version of IAS 27 »Separate Financial Statements« (name of the amendment: »Equity Method in Separate Financial Statements«; 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);

- ▲ IFRS 15 »Revenue from Contracts with Customers« (not yet adopted by the EU);
- ▲ Revised versions of IFRS 10 and IAS 28 (name of the amendment: »Sale or Contribution of Assets between an Investor and its Associate or Joint Venture«; not yet adopted by the EU);
- ▲ Revised versions of IFRS 10, IFRS 12 as well as IAS 28 (name of the amendment: »Investment Entities: Applying the Consolidation Exception«; not yet adopted by the EU);
- ▲ Revised version of IFRS 11 (name of the amendment: »Accounting for Acquisitions of Interests in Joint Operations«; not yet adopted by the EU);
- ▲ »Annual Improvements Cycle 2010-2012«;
- ▲ »Annual Improvements Cycle 2012-2014« (not yet adopted by the EU).

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

The effects of the initial application of IFRS 15 for the TÜV Rheinland AG Group have not yet been conclusively determined. No significant impact is expected at this point in time, however.

The remaining amendments are also not expected to have a material effect on the presentation of the TÜV Rheinland AG 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 €	2013	2014
Industrial Services	493,960	532,222
Mobility	397,028	432,698
Products	391,082	403,683
Life Care	58,056	62,824
Training and Consulting	221,247	256,447
Systems	124,258	136,260
Total	1,685,631	1,824,134
Intra-group revenues and central function/Other	-84,781	-92,797
Total	1,600,850	1,731,337

Revenues by Region

In '000 €	2013	2014
Germany	881,063	943,540
Europe (excluding Germany)	171,951	202,699
Asia (including India, the Middle East and Africa)	321,261	347,693
America	226,575	237,405
Total	1,600,850	1,731,337

Revenues mainly relate to service agreements. They include the receipts from service agreements not yet completed totaling €30,261 thousand (previous year: €21,084 thousand), which were realized according to the PoC method.

(11) Personnel Expenses

In '000 €	2013	2014
Wages and salaries	746,655	813,830
Social security and other benefit costs	128,826	138,283
Pension expenses	17,079	20,200
Total	892,560	972,312

The TÜV Rheinland AG Group's personnel expenses include €19,884 thousand (previous year: €20,729 thousand) for employees whose contracts are managed at LGA KdÖR. Group employees are, for the most part, salaried employees.

Employee Capacity (annual average)

	2013	2014
Group employees	17,947	19,320
Thereof LGA KdÖR	283	275

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

In '000 €	2013	2014
Scheduled amortization/ depreciation		
of intangible assets	13,045	15,258
of property, plant, and equipment	45,067	47,026
Total	58,112	62,284

In the reporting year, impairment losses in the amount of €2 thousand (previous year: €38 thousand) were recorded, of which €2 thousand (previous year: €35 thousand) was of property, plant and equipment.

(13) Other Expenses

Other expenses amounting to €358,811 thousand (previous year: €359,263 thousand) consist mainly of rents, leases, leasing costs, travel costs, auditing and consulting costs, real estate maintenance, vehicle costs, postage costs, repair and maintenance costs, consumables, advertising costs and also exchange-rate losses on currency. This item also includes other tax expenses totaling €6,642 thousand (previous year: €5,875 thousand).

(14) Other Income

Other income amounting to €44,625 thousand (previous year: €49,094 thousand) consists mainly of income from the reversal of provisions, rental income, currency exchange rate gains, income from services, as well as income from insurance claims and ancillary business.

(15) Impairment of Goodwill

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

(16) Financial income

In '000 €	2013	2014
Interest income*	3,843	3,314
Interest expenses from financial liabilities	-6,815	-11,534
Interest on the net defined benefit liability	-12,816	-12,656
Net interest income	-15,788	-20,875
Impairment of investments	0	-11
Profit (loss) from dividend distributions/Profit and loss transfer agreements	588	49
Profit (loss) from other securities	-2,964	-325
Profit (loss) from financial derivatives	-308	-120
Other financial result	-2,684	-406
Total	-18,472	-21,281

* Excluding interest income in the interest on the net defined benefit liability.

The interest on the net defined benefit liability is the interest cost on the defined benefit obligation after deduction of interest 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 €10,953 thousand (previous year: €6,767 thousand). Total interest income was €3,314 thousand (previous year: €3,843 thousand).

(17) Income Taxes

In '000 €	2013	2014
Current taxes	36,999	37,277
Deferred taxes	1,272	-2,625
from temporary differences	1,083	-1,783
from loss carryovers	189	-842
Total	38,271	34,652

The following TÜV Rheinland AG 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 with the current tax expense.

Reconciliation

In '000 €	2013	2014
Earnings before income tax	98,589	88,938
Anticipated tax rate	32%	32%
Anticipated income tax expenses	31,129	28,082
Tax rate differences	-2,992	-2,244
Tax increases due to non-deductible expenses	4,799	2,446
Tax arrears payments/refunds for previous years (including tax effect of trade tax)	930	-508
Losses for which no tax assets could be stated in the previous year plus changes in valuation allowances	2,747	4,767
Effect of tax rate changes	244	147
Other differences	1,414	1,962
Stated income tax expenses	38,271	34,652
Actual tax burden	38.8%	38.9%

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 2013-12-31	As at 2014-12-31
Non-current assets	14,397	7,641
Current assets	15,338	15,678
Non-current liabilities	64,130	102,581
Current liabilities	4,583	5,440
Total	98,448	131,340
Amount offset per tax group	-44,976	-49,053
Deferred taxes on temporary differences	53,472	82,287
Deferred taxes on fiscal loss carryovers	4,650	5,588
Impairment of deferred taxes	-764	0
Total	57,358	87,875

Deferred Tax Liabilities

In '000 €	As at 2013-12-31	As at 2014-12-31
Non-current assets	36,569	38,965
Current assets	13,711	15,125
Non-current liabilities	10,389	11,008
Special reserve with an equity portion	1,933	1,637
Current liabilities	2,078	2,635
Total	64,680	69,370
Amount offset per tax group	-44,976	-49,053
Deferred taxes on temporary differences	19,704	20,317
Total	19,704	20,317

The total of deferred tax assets is composed of current deferred tax assets totaling €8,326 thousand (previous year: €6,954 thousand) and of non-current deferred tax assets totaling €79,549 thousand (previous year: €50,404 thousand). The total of deferred tax liabilities is composed of current deferred tax liabilities totaling €2,056 thousand (previous year: €905 thousand) and of non-current deferred tax assets totaling €18,261 thousand (previous year: €18,790 thousand). Of the deferred taxes, a total of €69,837 thousand (previous year: €39,058 thousand) was offset against equity capital.

In the reporting year, deferred taxes on actuarial gains or losses of €30,341 thousand (previous year: €-355 thousand) were stated within other comprehensive income. With regard to »available-for-sale financial assets«, amounts totaling €0 thousand (previous year: €4 thousand) were posted. In addition, €438 thousand (previous year: €-165 thousand) in deferred taxes were stated in other comprehensive income in the reporting year in respect to cash flow hedges.

Within the TÜV Rheinland AG Group, unused tax carryovers totaling €55,128 thousand (previous year: €38,706 thousand) existed at the end of the reporting period. Of this total, €5,588 thousand (previous year: €3,886 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 amounting to €4,430 thousand (previous year: €3,194 thousand), because the TÜV Rheinland AG 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 €	2013	2014
Shares in profits	6,142	6,861
Shares in losses	-218	-288
Total	5,924	6,573

Losses attributable to non-controlling interests mainly pertain to TÜV Rheinland PTL LLC in Tempe/Arizona (USA); profits and dividends attributable to non-controlling interests mainly pertain to FSP-Fahrzeug-Sicherheitsprüfung GmbH & Co. KG in Geltow (Germany) SECTA S.A. in Courbevoie (France), and TÜV Rheinland/CCIC (Ningbo) Co., Ltd. in Ningbo (China). The above-mentioned companies with significant non-controlling interests reported in total assets of €38,653 thousand as well as liabilities of €18,237 thousand in the reporting year.

(19) Earnings per Share

	2013	2014
Earnings share of equity holders of TÜV Rheinland AG (in '000 €)	54,394	47,714
Number of shares as at 12-31 (in thousands)	35	35
Earnings per Share (in €)	1,554	1,363

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 assets	
	Goodwill	Concessions, industrial property rights and similar rights
Acquisition/Manufacturing costs		
As at 2013-01-01	198,355	108,865
Currency changes	-4,001	-2,292
Changes in scope of consolidation	-1	-1
Addition by acquisitions	6,243	3,871
Additions	3,343	7,849
Disposals	0	1,546
Reclassifications	0	566
As at 2013-12-31/2014-01-01	203,939	117,312
Currency changes	8,096	1,536
Changes in scope of consolidation	-266	0
Addition by acquisitions	75,741	13,665
Additions	1,594	7,737
Disposals	0	2,929
Reclassifications	0	4,486
As at 2014-12-31	289,102	141,809
Amortization		
As at 2013-01-01	26,954	47,456
Currency changes	0	-1,751
Changes in scope of consolidation	0	-1
Scheduled amortization	0	12,082
Impairment losses	0	0
Disposals	0	1,294
Write-ups	0	0
Reclassifications	0	165
As at 2013-12-31/2014-01-01	26,954	56,657
Currency changes	0	373
Changes in scope of consolidation	0	0
Scheduled amortization	0	14,147
Impairment losses	0	0
Disposals	0	2,164
Write-ups	0	0
Reclassifications	0	119
As at 2014-12-31	26,954	69,132
Carrying amount as at 2014-12-31	262,149	72,677
Carrying amount as at 2013-12-31	176,985	60,655

Other intangible assets	Internally generated intangible assets	Advances paid	Total
690	4,824	3,823	316,557
-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
668	5,413	5,238	332,570
0	-49	12	9,595
0	0	0	-266
0	0	0	89,406
40	420	9,066	18,859
1	0	26	2,955
-255	603	-4,833	0
451	6,386	9,458	447,206
511	2,413	389	77,723
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
476	3,071	390	87,548
0	-54	0	319
0	0	0	0
26	1,083	1	15,258
0	0	0	0
1	0	0	2,164
0	0	0	0
-119	0	0	0
382	4,099	392	100,958
69	2,286	9,067	346,248
192	2,342	4,848	245,022

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

In '000 €	As at 2013-12-31	As at 2014-12-31
Industrial Services	71,478	120,585
Mobility	50,680	52,614
Products	12,202	12,305
Life Care	7,746	7,748
Training and Consulting	14,062	48,059
Systems	20,817	20,839
Total	176,985	262,149

The concessions include a brand with an indefinite useful life and a carrying amount of €10,675 thousand that is subject to an impairment test at the cash-generating unit level. It is a company brand the useful life of which 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 5.71% 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 2013-01-01

Currency changes

Changes in scope of consolidation

Addition by acquisitions

Additions

Disposals

Reclassifications

As at 2013-12-31/2014-01-01

Currency changes

Changes in scope of consolidation

Addition by acquisitions

Additions

Disposals

Reclassifications

As at 2014-12-31

Amortization

As at 2013-01-01

Currency changes

Changes in scope of consolidation

Scheduled amortization

Impairment losses

Disposals

Reclassifications

As at 2013-12-31/2014-01-01

Currency changes

Changes in scope of consolidation

Scheduled amortization

Impairment losses

Disposals

Reclassifications

As at 2014-12-31

Carrying amount as at 2014-12-31

Carrying amount as at 2013-12-31

Land and buildings	Technical plant and machinery	Other plant, operating and office equipment	Advances paid and assets under construction	Total
423,369	192,722	135,424	7,708	759,223
-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
426,276	202,536	133,276	10,417	772,505
1,619	7,516	1,589	153	10,877
-1,481	-533	-452	-2	-2,468
88	21	945	0	1,054
7,529	15,596	12,290	35,945	71,360
1,303	4,788	5,249	1,239	12,580
1,764	3,576	194	-5,533	0
434,491	223,926	142,593	39,740	840,750
137,075	115,553	96,304	1,093	350,025
-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
147,300	127,514	96,741	173	371,728
1,335	5,099	1,167	-2	7,598
-774	-421	-334	0	-1,530
14,167	20,298	12,561	0	47,026
0	0	2	0	2
1,065	3,914	4,560	190	9,729
-1	-49	30	20	0
160,961	148,529	105,608	0	415,098
273,530	75,397	36,985	39,740	425,652
278,976	75,022	36,535	10,244	400,777

(22) Investment Property

In the reporting year, as in the previous year, the TÜV Rheinland AG 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: 1) as well as two joint ventures (previous year: 1) that are accounted for using the equity method. One joint venture was acquired during the reporting year 2014; the other company has been included for the first time under the equity method due to the elimination of proportional consolidation.

The investments in joint ventures accounted for using the equity method developed as follows:

In '000 €	2013*	2014
As at 01-01	1,647	1,797
Acquisitions	0	142
Changes in proportional equity		
Changes in profit and loss	362	511
Profit distribution	-210	-343
Changes recognized directly in equity	-3	49
As at 12-31	1,797	2,157

* Figures adjusted in accordance with IFRS 11.

The acquisition cost of the investment in Auteko & Latvija GmbH as of January 1, 2013 in the amount of €1,647 thousand, which have to be recognized according to IFRS 11 due to the shift from proportional consolidation to the equity method, was determined based on an aggregation of the proportional carrying amount of assets and liabilities.

Revenues of €2,520 thousand were reported for Auteko & Latvija GmbH in 2013. Under proportional consolidation, the corresponding revenues in 2014 would have been €2,561 thousand.

The investment in the associate (€672 thousand) is immaterial for the presentation of the TÜV Rheinland AG Group's assets, financial position, or profitability.

(24) Other Financial Assets

In '000 €	2013-12-31	2014-12-31
Shares in affiliated companies	1,699	5,372
Other investments	467	367
Non-current securities	339	336
Actuarial reserve quota on the basis of reinsurance policies	268,730	280,930
Total	271,235	287,005

Impairment losses totaling €11 thousand (previous year: €507 thousand) were incurred in the reporting year.

(25) Other Non-current Assets

Other non-current assets totaling €17,102 thousand (previous year: €12,020 thousand) do not contain any impairment losses.

(26) Inventories

In '000 €	2013-12-31	2014-12-31
Raw materials, consumables, and supplies	2,314	1,763
Work in progress	12,614	143
Finished goods and goods for resale	909	902
Advances paid for inventories	609	419
Total	16,446	3,227

(27) Receivables and Other Current Assets

In '000 €	2013-12-31	2014-12-31
Percentage of completion receivables	59,235	94,123
Other trade receivables	222,553	260,758
Allowances on trade receivables	-11,798	-13,525
Trade receivables	269,990	341,356
Income tax receivables	6,403	8,629
Receivables from affiliated companies	36,803	33,247
Receivables from associates	313	237
Market value of financial derivatives	0	0
Other securities	31	38
Other receivables and assets	43,119	53,790
Other receivables and other current assets	80,266	87,312

Within the TÜV Rheinland AG Group, trade receivables have been sold to an external bank since 2006 as part of an asset-backed securities transaction. As the derecognition 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 continue to be included on the balance sheet. The carrying amount of receivables sold as at the end of the reporting period is €16,395 thousand (previous year: €16,395 thousand), and after deducting reserves €15,000 thousand (previous year: €15,000 thousand).

In '000 €	2013-12-31	2014-12-31
Other trade receivables	222,553	260,758
Thereof neither impaired nor past due	131,473	164,086
Thereof past due but not impaired		
due within 180 days	67,657	71,861
due within 181 to 360 days	5,524	6,476
due in over 360 days	7,446	7,208
Thereof impaired	10,453	11,127

Allowances of trade receivables have developed as follows:

In '000 €	Individual valuation allowances		Collective valuation allowances		Total	
	2013	2014	2013	2014	2013	2014
Allowances as at 01-01	6,561	7,391	4,591	4,407	11,152	11,798
Addition	2,186	2,022	268	822	2,454	2,844
Use	577	497	441	460	1,018	957
Reversal	671	695	19	185	690	880
Other changes*	-108	369	8	351	-100	720
Allowances as at 12-31	7,391	8,591	4,407	4,934	11,798	13,525

*Changes in scope of consolidation, changes in exchange rates, and reclassifications.

(28) 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.

(29) Non-Current Assets Held for Sale

In the reporting year, no non-current assets were held by the TÜV Rheinland AG Group that are classified as non-current assets held for sale in accordance with IFRS 5.

(30) 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.

Within 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, stemming from first-time adoption of IFRS. They also include actuarial gains and losses recognized in other comprehensive income related to defined benefit obligations/plan assets as well as reimbursement rights.

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 major 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 AG 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 corporate value.

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

(31) Provisions for Pensions and Similar Obligations

Pension schemes at the TÜV Rheinland AG 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 are stated as personnel expenses. In the reporting year, contributions to defined contribution pension plans totaled €2,178 thousand (previous year: €2,213 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 employers. 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 2014. A similar amount is expected to be paid out in 2015. 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, the TÜV Rheinland AG Group 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 con-

text 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 his or her 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«).

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

The net defined benefit liability recognized on the balance sheet for German pension plans is broken down as follows as at December 31, 2014:

	Old Plan		New Plan		Funded Plan		Total	
In '000 €	2013	2014	2013	2014	2013	2014	2013	2014
Active employees	111,525	133,994	13,085	24,438	3,974	6,252	128,584	164,684
Former employees	16,851	20,881	548	1,357	572	796	17,971	23,034
Pension recipients	504,037	562,966	87	171	186	207	504,310	563,344
Total defined benefit obligation	632,413	717,840	13,720	25,967	4,732	7,255	650,865	751,062
Plan assets	-13,343	-13,130	0	0	-4,458	-6,979	-17,801	-20,109
Net defined benefit liability	619,070	704,710	13,720	25,967	274	276	633,064	730,952

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

Funding for the remaining pension obligations (Old Plan) is partially secured through reinsurance policies, whereby only a small share (€13.1 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 AG Group also has further pension plans abroad. The pension plans abroad of material significance are held in Japan (defined benefit obligation: €3.2 million; previous year: €2.8 million) and Taiwan (defined benefit obligation: €10.7 million; previous year: €9.5 million). The majority of these pension plans was set up as a result of legal stipulations; their purpose is to enable the employer to pay 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 AG Group's pension obligations is 13 years (previous year: 12 years).

In assessing the defined benefit obligation, parameters that determine the actual cost of payments made after retirement are taken into account. In addition to the biometric parameters used in Germany – the modified 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 %	2013		2014	
	Germany	Abroad	Germany	Abroad
Discount rate	3.50	2.22	2.00	2.23
Wage and salary trend	2.25	4.06	2.25	4.07
Increase in benefit payments	2.00	–	1.75	–

The determination of the discount rate has been adjusted to take account of the selection of the underlying corporate bonds for the domestic companies. In addition, a clarification took place with respect to the maturity of future benefit payments. On December 31, 2014, this led to an overall increase in the defined benefit obligation in the amount of €14.1 million (thereof due to the adjustment of underlying corporate bonds: €–9.1 million). The assumed underlying actuarial

interest rate is 2.00%, which without the adjustment would have been 0.15% higher (thereof due to the adjustment of underlying corporate bonds: –0.10%).

The following table shows what effect a change in the assumptions would have on defined benefit obligations as at December 31, 2014. In this context, it is assumed that the other assumptions remain unchanged.

in %	Sensitivity	2013		2014	
		Germany	Abroad	Germany	Abroad
Discount rate	+0.50	–5.40	–6.93	–6.01	–6.16
	–0.50	5.96	7.63	6.70	6.72
Wage and salary trend	+0.25	0.10	3.65	0.12	3.21
	–0.25	–0.10	–3.44	–0.11	–3.10
Increase in benefit payments	+0.25	1.81	–	2.78	–
	–0.25	–2.48	–	–2.67	–

The net pension provisions 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	
Value as at 2013-01-01	658,926	16,165	675,091	17,130	1,659	18,789	656,302
Service cost	6,804	870	7,674				7,674
Interest expense/(Interest income)	22,331	298	22,629	599	29	628	22,001
Total	29,135	1,168	30,303	599	29	628	29,675
Remeasurement:							
Return on plan assets				-633	-8	-641	641
(Gain)/Loss from changes to demographic assumptions	0	32	32				32
(Gain)/Loss from changes to financial assumptions	0	-587	-587				-587
(Gain)/Loss from adjustments made based on experience	454	-81	373				373
Other changes	850	-171	679	0	0	0	679
Employee contributions	720	0	720	720	236	956	-236
Benefit 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
Value as at 2013-12-31/2014-01-01	650,865	13,239	664,104	17,801	1,795	19,596	644,508
Service cost	6,826	1,037	7,863				7,863
Interest expense/(Interest income)	22,313	330	22,643	635	37	672	21,971
Total	29,139	1,367	30,506	635	37	672	29,834
Remeasurement:							
Return on plan assets				919	5	924	-924
(Gain)/Loss from changes to demographic assumptions	0	1	1				1
(Gain)/Loss from changes to financial assumptions	109,413	447	109,860				109,860
(Gain)/Loss from adjustments made based on experience	1,180	90	1,270				1,270
Other changes	0	0	0	0	0	0	0
Employee contributions	766	0	766	766	232	998	-232
Benefit payments	-40,301	-341	-40,642	-12	-127	-139	-40,503
Business combinations	0	0	0	0	0	0	0
Currency changes		751	751		120	120	631
Value as at 2014-12-31	751,062	15,553	766,615	20,109	2,062	22,172	744,443

Reimbursements changed as follows:

In '000 €	2013			2014		
	Germany	Abroad	Total	Germany	Abroad	Total
Present value of reimbursements as at 01-01	264,709	0	264,709	268,729	0	268,729
Employer contributions	5,313	0	5,313	6,067	0	6,067
Reimbursements	-13,158	0	-13,158	-13,980	0	-13,980
Transfers	698	0	698	0	0	0
Acquisitions/Divestitures	0	0	0	0	0	0
Expected/Standardized return	9,641	0	9,641	9,337	0	9,337
Actuarial gain/Gain from remeasurement	1,526	0	1,526	10,776	0	10,776
Present value of reimbursements as at 12-31	268,729	0	268,729	280,930	0	280,930

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

Actual return on reimbursement rights totaled €20.1 million (previous year: €11.2 million), and actual return on plan assets stood at €1,597 thousand (previous year: €-13 thousand).

For the reporting year 2015, reinsurance premiums are expected to total to €7.6 million (previous year: €6.3 million). Furthermore, €27.5 million in pension payments less reimbursements are expected for the reporting year 2015 (previous year: €27.7 million).

With regard to the Old Plan in Germany as well as foreign plans, no company-specific risks exist other than 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 regulations governing the calculation of actuarial reserves, the present values to apply to reimbursement rights are subject to only slight fluctuations and, in particular, are only minimally sensitive to interest rates. This leads to fluctuations in the funding status (when taking reimbursement rights into account), since in contrast to this, in the event of interest rate changes, the obligation side is volatile commensurate with the indicated sensitivities.

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

(32) Other Provisions

In '000 €	As at 2013-12-31		As at 2014-12-31	
	Total	Thereof current	Total	Thereof current
Personnel provisions	60,188	47,116	67,317	51,973
Miscellaneous provisions	19,754	18,353	20,741	19,678
Total	79,942	65,469	88,057	71,651

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 as well as asset retirement obligations.

Provisions developed as follows in the reporting year:

In '000 €	Opening balance	Addition	Use	Reversal	Other changes*	Closing balance
Personnel provisions	60,188	49,019	39,651	3,197	958	67,317
Miscellaneous provisions	19,754	15,295	10,353	4,794	840	20,741
Total	79,942	64,314	50,005	7,991	1,797	88,057

* Changes in scope of consolidation, exchange rates, and offsetting with actuarial reserve quotas.

In the reporting year, as in the previous year, the discounting effect was not material.

(33) Liabilities

In '000 €	Non-current		Current		Total	
	As at 2013-12-31	As at 2014-12-31	As at 2013-12-31	As at 2014-12-31	As at 2013-12-31	As at 2014-12-31
Income tax liabilities	0	0	5,749	5,956	5,749	5,956
Trade liabilities	0	0	71,157	84,125	71,157	84,125
Advance payments for orders	0	0	35,301	42,235	35,301	42,235
Trade liabilities	0	0	106,458	126,360	106,458	126,360
Liabilities to banks	122,431	246,934	36,932	27,493	159,363	274,426
Liabilities to affiliated companies	0	0	858	662	858	662
Liabilities to associates	0	0	222	392	222	392
Other tax liabilities	37	404	35,373	40,003	35,410	40,406
Social security liabilities	1,038	597	16,496	20,141	17,534	20,737
Miscellaneous liabilities	15,108	60,311	71,557	83,913	86,665	144,224
Other liabilities	138,614	308,245	161,438	172,603	300,052	480,848
Total	138,614	308,245	273,645	304,918	412,259	613,163

(34) 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 recognized for charges arising from other legal proceedings.

For the most part, the future obligations listed represent rent for business premises. Leasing expenses in the reporting year totaled €74,562 thousand (previous year: €71,882 thousand) and consist mainly of rent for business premises in connection with operating leases.

(35) 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 2013-12-31	As at 2014-12-31
Future rental, lease and leasing agreement obligations		
Due within a year	50,892	58,435
Due within 1-5 years	73,795	111,820
Due in over 5 years	36,677	18,660
Total	161,364	188,915

OTHER DISCLOSURES

(36) 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 2014-12-31	Financial assets/ liabilities at fair value through profit or loss	Available-for-sale financial assets at fair value through other comprehen- sive income	Financial assets/ liabilities at amortized cost	No IAS 39 valuation category
Assets					
Non-current assets					
Other financial assets	289,834				
Securities	336			336	
Investments	8,567			5,739	2,829
Financial instruments outside the scope of IFRS	280,930				280,930
Other non-current assets	17,102				
Other assets	17,102			17,102	
Current assets					
Trade receivables	341,356			341,356	
Other receivables and other current assets	87,312				
Other receivables	37,052			37,052	
Non-financial assets	50,260				50,260
Cash and cash equivalents	153,961			153,961	
Equity and liabilities					
Non-current liabilities					
Non-current liabilities	308,245				
Liabilities to banks	246,934			246,934	
Miscellaneous liabilities	58,114			57,056	1,058
Financial derivatives	2,197				2,197
Non-financial liabilities	1,000				1,000
Current liabilities					
Trade liabilities	126,360			84,125	42,235
Other current liabilities	172,603				
Liabilities to banks	27,493			27,493	
Miscellaneous liabilities	1,113			662	452
Financial derivatives	3				3
Non-financial liabilities	143,994				143,994
Total by IAS 39 valuation category		0/ 0	0	555,545/ 416,268	

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 through other comprehen- sive income	Financial assets/ liabilities at amortized cost	No IAS 39 valuation category
Assets					
Non-current assets					
Other financial assets	272,228				
Securities	339			339	
Investments	3,160			2,166	994
Financial instruments outside the scope of IFRS	268,729				268,729
Other non-current assets	12,020				
Other assets	12,020			12,020	
Current assets					
Trade receivables	269,990			269,990	
Other receivables and other current assets	80,266				
Other receivables	40,016			40,016	
Non-financial assets	40,250				40,250
Cash and cash equivalents	107,917			107,917	
Equity and Liabilities					
Non-current liabilities					
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
Current liabilities					
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
Total by IAS 39 valuation category		0/ 0	0	432,448/ 245,026	

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 13. 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 incorporating parameters observable in the market. The third stage provides for the use of valuation techniques drawing upon input factors not observable in the market. All derivative financial assets and liabilities belong to the second stage.

In the reporting year, the fair value of liabilities to banks was €23,462 thousand above the carrying amount (previous year: €3,129 thousand). For current loans and receivables as well as financial liabilities at amortized cost, the carrying amount is assumed to approximate to the fair value.

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

In '000 €	2013	2014
Financial assets/liabilities at fair value through profit or loss	-308	-120
Loans and receivables	-2,726	-1,956
Available-for-sale financial assets	86	-70
Financial liabilities valued at amortized cost	-7,058	-9,889
Total	-10,006	-12,035

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 and write-ups on receivables are stated

within other operating income and other operating expenses, respectively. By 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 expense.

(37) Financial Risks

The TÜV Rheinland AG Group is exposed to financial risks in the form of credit, liquidity and market risks. Due to the integration of risk management into the TÜV Rheinland AG Group's management information system, risk management takes place, with appropriate weighting, consistently on company as well as on 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, 2014. Trade receivables that are past due are listed in Note (27).

The maximum credit risk for available-for-sale financial assets and financial derivatives is equivalent to their market values as at December 31, 2014.

Financial derivatives are only concluded with counterparties that have a high rating and with which 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 AG 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. Here, 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 TÜV Rheinland AG Group documents the effectiveness of hedges at the time of designation (prospective effectiveness) and on every reporting date (retrospective effectiveness).

An interest rate swap with a nominal amount equal to that of the secured loan, €15,000 thousand, and with an original maturity until September 30, 2015, was redeemed ahead of schedule in the reporting year. The fundamental terms and conditions of the hedging instrument corresponded to the hedged item. The hedged interest payments were due quarterly and had a chronologically corresponding effect on the TÜV Rheinland AG Group's profits and losses until redemption of the interest rate swap. In the reporting year a gain after deferred taxes of €91 thousand (previous year: €125 thousand) was recognized within other comprehensive income. Additionally, an expense of €48 thousand (previous year: €-30 thousand) was reported on the income statement commensurate with the ineffective portion of the hedge.

The TÜV Rheinland AG Group has also hedged a loan with a nominal amount of €5,833 thousand against fluctuations in the three-month Euribor reference interest rate. The hedging 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 €-126 thousand (previous year: €-183 thousand). The hedged interest payments are due quarterly and have a chronologically corresponding effect on the TÜV Rheinland AG Group's profits and losses. In the reporting year, a gain after deferred taxes of €59 thousand (previous year: €106 thousand) was recognized in other comprehensive income. The hedge was entirely effective.

During the reporting year, an interest rate swap with a nominal amount equal to that of the secured loan, €15,000 thousand, and with an original maturity until August 18, 2017, was repaid ahead of schedule. The fundamental terms and conditions of the hedging instrument corresponded to the hedged item. The hedged interest payments were due twice a year and had a chronologically corresponding effect on the TÜV Rheinland AG Group's profits and losses until the redemption of the interest rate swap. In the reporting year, a gain after deferred taxes of €31 thousand (previous year: €32 thousand) was recognized within other comprehensive income.

The TÜV Rheinland AG Group has also hedged a loan with a nominal amount of USD 1,675 thousand against fluctuations in the three-month Libor reference interest rate. The hedging instrument is an interest rate swap with a nominal amount of USD 1,675 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 €-55 thousand (previous year: €-112 thousand). In the reporting year, a gain after deferred taxes of €34 thousand (previous year: €55 thousand) was recognized in other comprehensive income. The hedge was entirely effective.

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 hedging instrument. The hedging 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 €-298 thousand (previous year: €-72 thousand). The hedged interest payments are due quarterly and have a chronologically corresponding effect on the TÜV Rheinland AG Group's profits and losses. In the reporting year, a loss after deferred taxes of €153 thousand (previous year: €-44 thousand) was recorded in other comprehensive income. The hedge was entirely effective.

In relation to a nominal value of €27,000 thousand, a loan with an interest rate swap and an equivalent nominal amount was hedged against fluctuations in the six-month Euribor reference interest rate. The hedging instrument runs until July 21, 2022 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 €-1,179 thousand. The hedged interest payments are due twice a year and have a chronologically corresponding effect on the TÜV Rheinland AG Group's profits and losses.

In the reporting year, a loss after deferred taxes of €739 thousand was recorded in other comprehensive income. The hedge was entirely effective.

Along with this, a loan with a nominal amount of GBP 15,000 thousand is hedged against fluctuations in the three-month Libor reference interest rate. An interest rate swap with an identical nominal amount as at the end of the reporting period functions as a hedging instrument. The hedging instrument runs until March 31, 2020 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 €-525 thousand. The hedged interest payments are due quarterly and have a chronologically corresponding effect on the TÜV Rheinland AG Group's profits and losses. In the reporting year, a loss after deferred taxes of €387 thousand was recorded in other comprehensive income. The hedge was entirely effective.

The market value of these interest rate swaps would change by €3,082 thousand (€- 2,361 thousand) in the event of a shift in the yield curve of +100 (-100) basis points. In addition, interest rate risks 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 AG 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, an appreciation 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. The TÜV Rheinland AG Group held no significant currency derivatives as at the reporting date.

To manage [liquidity risks](#) within the TÜV Rheinland AG 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 for current securities are minimized by means of diversification of the issuers. As at December 31, 2014, the maturity structure of expected undiscounted cash flows (interest and repayment of principal) was as follows:

In '000 €	Liabilities to banks*	Trade liabilities	Total
Due within a year	47,145	84,125	131,270
Due in 2nd year	21,865		21,865
Due in 3rd year	20,581		20,581
Due in 4th year	20,246		20,246
Due in 5th to 10th year	208,473		208,473
Due after 10th year	1,794		1,794

* Including payments from derivative financial instruments (interest rate swaps).

The amount of €47,145 thousand due to banks (due within a year) includes lines of credit for unlimited periods and therefore with significantly longer due dates.

(38) Cash Flow Statement Disclosures

Cash and cash equivalents in the cash flow statement comprise all cash and cash equivalents stated in the balance sheet (meaning 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 €	2013	2014
Interest paid	7,019	9,530
Interest received	3,837	3,306
Income tax paid	63,625	46,643
Income tax received	5,888	6,403
Dividends received	589	443

(39) Related Party Disclosures

The related parties of the TÜV Rheinland AG 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 2014, TÜV Rheinland AG Group companies maintained the following business relationships with TÜV Rheinland Berlin Brandenburg Pfalz e.V.:

In '000 €	2013	2014
Services provided	11,722	10,894
Services received	15,346	16,589
Receivables as at 12-31	33,096	26,945
Liabilities as at 12-31	0	159

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

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

Supervisory Board Remuneration

The members of the Supervisory Board were paid a total of €1,100 thousand in remuneration in the reporting year (previous year: €848 thousand).

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

(40) Events After the Reporting Period

The TÜV Rheinland AG Executive Board proposes to the Annual Shareholder's Meeting that a dividend of €12,000,000.00 be paid to the sole shareholder, TÜV Rheinland Berlin Brandenburg Pfalz e.V., from the 2014 balance sheet profit of €44,550,079.15, and that €20,000,000.00 be allocated to retained earnings, with the remaining €12,550,079.15 being carried forward to new account.

(41) 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:

	Group auditors		Other		Total	
In '000 €	2013	2014	2013	2014	2013	2014
Fees for audit of annual financial statements	1,258	1,406	190	191	1,448	1,597
Fees for other auditing services	4	5	0	5	4	10
Fees for tax consultancy services	240	250	45	73	285	323
Fees for other services	293	787	21	345	314	1,132
Total	1,795	2,448	256	614	2,051	3,062

(42) Included Companies

Fully Consolidated Companies in Germany

Company name	Company domicile	Capital stock in % ²
AMD TÜV Arbeitsmedizinische Dienste GmbH TÜV Rheinland Group ¹	Berlin	100
DIN CERTCO Gesellschaft für Konformitätsbewertung mbH	Berlin	80.2
DIN GOST TÜV Berlin-Brandenburg Gesellschaft für Zertifizierung in Europa mbH	Berlin	80
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 ¹	Cologne	100
InFES GmbH Resources and Services	Düsseldorf	100
LCH Eurocontrol GmbH	Hamburg	56

Fully Consolidated Companies in Germany

Company name	Company domicile	Capital stock in % ²
LGA InterCert Zertifizierungsgesellschaft mbH ¹	Nuremberg	100
Luxcontrol GmbH	Hamburg	56
TÜV Immobiliengesellschaft Berlin GmbH ¹	Cologne	83.94
TÜV International GmbH – Unternehmensgruppe TÜV Rheinland ¹	Cologne	100
TÜV Media GmbH ¹	Cologne	100
TÜV Pfalz Anlagen und Betriebstechnik GmbH ¹	Kaiserslautern	94
TÜV Pfalz GmbH ¹	Kaiserslautern	94
TÜV Pfalz Verkehrswesen GmbH ¹	Kaiserslautern	94
TÜV Rheinland Akademie GmbH ¹	Berlin	100
TÜV Rheinland campus GmbH ¹	Düsseldorf	100
TÜV Rheinland Cert GmbH ¹	Cologne	100
TÜV Rheinland Consulting GmbH ¹	Cologne	100
TÜV Rheinland Energie und Umwelt GmbH ¹	Cologne	100

Fully Consolidated Companies in Germany

Company name	Company domicile	Capital stock in % ²
TÜV Rheinland Fahrzeugüberwachung GmbH Brandenburg/Berlin ¹	Potsdam	94
TÜV Rheinland Grebner Ruchay Consulting GmbH	Frankfurt	81.35
TÜV Rheinland Grundstücks-gesellschaft mbH & Co. KG	Grünwald	100
TÜV Rheinland Grundstücks-gesellschaft Nürnberg mbH & Co. KG	Grünwald	94.9
TÜV Rheinland Immobilien GmbH ¹	Cologne	88.36
TÜV Rheinland Industrie Service GmbH ¹	Cologne	100
TÜV Rheinland Insitu Calibration GmbH	Cologne	100
TÜV Rheinland InterTraffic GmbH	Cologne	94
TÜV Rheinland i-sec GmbH ¹	Cologne	100
TÜV Rheinland ISTec GmbH	Cologne	100
TÜV Rheinland Kraftfahrt GmbH ¹	Cologne	94
TÜV Rheinland Leben und Gesundheit GmbH ¹	Cologne	100
TÜV Rheinland LGA Bautechnik GmbH ¹	Nuremberg	100
TÜV Rheinland LGA Beteiligungs GmbH ¹	Nuremberg	100
TÜV Rheinland LGA Products GmbH	Nuremberg	100
TÜV Rheinland Lichttechnik GmbH ¹	Berlin	100
TÜV Rheinland Pension Fund GmbH ¹	Cologne	94
TÜV Rheinland Personal GmbH	Cologne	100
TÜV Rheinland Plus GmbH ³	Cologne	47.94
TÜV Rheinland Schaden- und Wertgutachten GmbH ¹	Cologne	94
TÜV Rheinland Schniering GmbH ¹	Essen	100
TÜV Rheinland Service GmbH ¹	Cologne	100
TÜV Rheinland Sonovation GmbH	Böhlen	100
TÜV Rheinland STEP International GmbH ¹	Hamburg	100
TÜV Rheinland Systeme GmbH ¹	Cologne	100
TÜV Rheinland Werkstoffprüfung GmbH ¹	Peitz	100
TÜV Saarland Automobil GmbH	Sulzbach	70.41
TÜV Saarland Kfz-team GmbH	Saarbrücken	55.62
VTÜ Versicherungsvermittlung GmbH ¹	Cologne	100

Fully Consolidated Companies in Other Countries

Company name	Company domicile	Capital stock in % ²
ASTEC Group Ltd.	Warrington	100
Astec Resource Solutions Ltd.	Aberdeen	100
Astec Services Ltd.	Warrington	100
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 TUV Rheinland Indonesia	Jakarta	90
Risktec Solutions (Canada) Ltd.	Calgary	100
Risktec Solutions (Glasgow) Ltd.	Glasgow	100
Risktec Solutions DMCC	Dubai	100
Risktec Solutions Inc.	Houston	100
Risktec Solutions Ltd.	Warrington	100
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 Rheinland Česká republika s.r.o.	Prague	100
TUV Rheinland AIA Services, LLC	Houston	93.4
TUV Rheinland AIMEX Ltd.	Taipeh	100
TÜV Rheinland Andino S.A.	Santiago de Chile	100
TÜV Rheinland Arabia LLC	Dschidda	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

¹ Recourse is made to Section 264 (3) HGB for this company.² The share of voting rights corresponds to the stated capital stock.³ Fully consolidated by virtue of corporate body rights.

Fully Consolidated Companies in Other Countries

Company name	Company domicile	Capital stock in % ²
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
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
TUV Rheinland Kuwait WLL ³	Kuwait	49
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 NIFE Academy Private Ltd.	Bangalore	100
TUV Rheinland North America Holding, Inc.	Boston	100
TUV Rheinland of North America, Inc.	Newtown	100
TÜV Rheinland OpenSky Corp.	Tolland	100
TÜV Rheinland Peru S.A.C.	Lima	100
TÜV Rheinland Philippines, Inc.	Manila	100

Fully Consolidated Companies in Other Countries

Company name	Company domicile	Capital stock in % ²
TÜV Rheinland Polska Sp. z o.o.	Warsaw	100
TÜV Rheinland Portugal Inspeções Técnicas, Lda.	Algés	100
TUV Rheinland PTL LLC	Tempe	85.26
TUV Rheinland Quality Control (Pty.) Ltd. ³	Pretoria	49
TUV 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
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 Parnaíba	100
TÜV Rheinland (Wuxi) Automotive Testing Co., Ltd.	Shanghai	70
TÜV Rheinland/CCIC (Ningbo) Co., Ltd. ³	Ningbo	50
TÜV Rheinland/CCIC (Qingdao) Co., Ltd.	Qingdao	55

Joint Ventures Included in Other Countries

Company name	Company domicile	Capital stock in % ²
Auteko & Latvija GmbH	Riga	49
Risktec Solutions (Muscat) LLC	Muscat	50

Associates Included in Other Countries

Company name	Company domicile	Capital stock in % ²
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 % ²
autocon GmbH	Düsseldorf	100
BNDT Prüftechnik GmbH	Böhlen	100
Deutsche TÜV GmbH – Unternehmensgruppe TÜV Rhld./BB	Cologne	100
Deutsche TÜV GmbH Mitte	Cologne	100
FMG		
Fuhrparkmanagement GmbH	Tübingen	100
TRB GmbH	Cologne	88.36
TÜV 1 GmbH – Unternehmensgruppe TÜV Rhld./BB	Cologne	100
TÜV Alliance GmbH	Cologne	100
TÜV Berlin Brandenburg Gesellschaft von KFZ-Sachverständigen mbH	Cottbus	100
TÜV Berlin Brandenburg Verwaltungs-GmbH	Berlin	95
TÜV Berlin GmbH	Berlin	100
TÜV Ostdeutschland Sicherheit und Umweltschutz GmbH	Halle	100
TÜV Rheinland AUTO EUROSERVICE GmbH	Cologne	94
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 % ²
Energen Personnel Ltd.	Aberdeen	100
ESCEM asbl	Esch/Alzette	–
LC ACADEMIE S.A.	Esch/Alzette	36.4
LC LUXCONTROL asbl	Esch/Alzette	56
Luxcontrol Nederland B.V.	Utrecht	94
IM Security Ltd.	Warrington	100
Online Recruitment Ltd.	Aberdeen	100
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
TÜV Rheinland Brasil	Brasília, D. F.	100
TUV Rheinland Cambodia Co., Ltd.	Phnom Penh	100
TÜV Rheinland (Hainan) Co., Ltd.	Haikou	51
TUV Rheinland LLC	Muscat	70
TUV Rheinland Mandy Ltd.	Fuzhou	75
TUV Rheinland Mobility and Training (Pty.) Ltd.	Pretoria	100
TÜV Rheinland OpenSky Ltd.	Fetcham	100
TÜV Rheinland Sonovation Ltd.	Northwich	100
TUV Rheinland South Africa (Pty.) Ltd.	Pretoria	100
TUV Telecom Services, INC.	Houston	100
TÜV ZSSM GmbH	Moscow	65

¹ Recourse is made to Section 264 (3) HGB for this company.² The share of voting rights corresponds to the stated capital stock.³ Fully consolidated by virtue of corporate body rights.

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](#),
Langensfeld, Managing Director, Energy & Water
Consulting International GmbH

[Dr. jur. Hermann H. Hollmann](#),
Cologne, Board Member, Ford-Werke GmbH

[Dipl.-Ing. Bodo F. Holz](#),
Meerbusch, (until March 27, 2014)
Advisory Council Chairman,
Management Engineers GmbH & Co. KG

[Dr. jur. Gerd Schäfer](#),
Tribsees/Landsdorf, Attorney,
CMS Hasche Sigle

[Dr. Rolf-Martin Schmitz](#),
Essen, Deputy Chairman and COO, RWE AG

[Prof. Dr.-Ing. Johann-Dietrich Wörner](#),
Darmstadt, (from March 27, 2014)
Chairman of the Executive Board,
Deutsches Zentrum für Luft- und Raumfahrt (DLR)

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,
Attorney, TÜV Rheinland Aktiengesellschaft,

[Birgit Ladwig](#),
Berlin, (from December 1, 2014)
Director of the Office of the Chairman,
Bundesverwaltung ver.di

[Dipl.-Pädagoge Gerhard Meusel](#),
Cologne, TÜV Rheinland Consulting GmbH

[Dipl.-Ing. Johannes Scholz](#),
Frechen, TÜV Rheinland Kraftfahrt GmbH

[Dr. Wolfgang Uellenberg-van Dawen](#),
Berlin, (until November 30, 2014)
Divisional Director of Politics and Planning,
Bundesverwaltung ver.di

EXECUTIVE BOARD

[Dr.-Ing. Michael Fübi](#)
Chief Executive Officer (from January 1, 2015)

[Dr.-Ing. Manfred Bayerlein](#)
Chief Executive Officer (until March 31, 2014)

[Thomas Biedermann](#)
Chief Human Resources Officer and
Director of Industrial Relations

[Ulrich Fietz](#)
Chief Financial Officer
Spokesman of the Executive Board (April 1, 2014 to
December 31, 2014)

[Volker Klosowski](#)
Chief Technology Officer (until March 31, 2014)

[Ralf Scheller](#)
Chief International Officer (from April 1, 2014)

[Stephan Schmitt](#)
Chief International Officer

Cologne, March 9, 2015

TÜV Rheinland Aktiengesellschaft
The Executive Board

[Dr.-Ing. Michael Fübi](#)
Chief Executive Officer

[Thomas Biedermann](#)
Chief Human Resources Officer
and Director of Industrial Relations

[Ulrich Fietz](#)
Chief Financial Officer

[Ralf Scheller](#)
Chief International Officer

[Stephan Schmitt](#)
Chief International Officer

AUDIT OPINION

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by TÜV Rheinland Aktiengesellschaft, Cologne, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the 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, 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as to be applied in the EU, and the supplementary commercial law provisions pursuant to Section 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 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 the companies included in the consolidation, the scope of 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 and Section 315a (1) in conjunction with Section 314 (1) No. 6a) and b) HGB, the remuneration paid to members of the management in key positions and the total emoluments of the members of the management board as well as the total emoluments and the provisions set up for current pensions and expectancies to pensions for the former members of the management board have not been disclosed in the notes to the consolidated 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 commercial law provisions under 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 9, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

[sgd. Andreas Menke](#)
Wirtschaftsprüfer
(German Public Auditor)

[sgd. Harald Wimmer](#)
Wirtschaftsprüfer
(German Public Auditor)

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 48–81 of the Corporate Report for the business year from 1 January to 31 December 2014 (hereinafter referred to as the »sustainability section« *).

Legal Representatives' Responsibility

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 and
- ▲ Reliability.

This responsibility consists of selecting and applying appropriate methods of data collection used in drawing up the sustainability section, as well as in making assumptions and assessments relative to individual sustainability statements that are plausible under the given circumstances. This responsibility also encompasses the conception, implementation, and maintenance of such systems and processes as are of importance for the preparation of the sustainability section.

Independence and quality assurance on the part of the auditing firm

We have met the requirements regarding independence along with the additional requirements relating to professional conduct of the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct worthy of the profession.

Our auditing firm applies the International Standard on Quality Control 1 and, in accordance with this, maintains a comprehensive quality assurance system comprising documented policies and measures that govern compliance with requirements of professional conduct, professional standards, and relevant statutory and other legal requirements.

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 48–81 of the Corporate Report for the 2014 business year do not comply in material respects with the criteria of the GRI's Sustainability Reporting Guidelines Vol. 3.0 (pp. 7–17). The scope of our mandate did not include physical inspection of references to external sources of documentation or expert opinions or of statements relative to the future. 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.

* Our audit applied only to the German version of the sustainability section.

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, so that a correspondingly lower degree of certainty is achieved. The choice of audit activities is subject to the auditor's own judgment.

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;
- ▲ Telephone interviews within the process of investigating the processes used to collect, analyze and aggregate select information for multiple companies of the TÜV Rheinland Group Greater China region;

- ▲ An analytical assessment of the disclosures 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 48–81 of the Corporate Report for the 2014 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 formalization and automation of data collection processes
- ▲ Ensuring consistent international application of definitions for all CSR indicators and increased reporting of international disclosures

Cologne, March 9, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

[Hendrik Fink](#)

Auditor

[ppa. Dr. Patrick Albrecht](#)

ABOUT THIS REPORT

In 2014, 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 current TÜV Rheinland Sustainability Report takes full account of the Global Reporting Initiative's (GRI) G3 reporting framework. In this connection, the GRI Content Index lists which indicators in the GRI Guidelines were applied in TÜV Rheinland's 2014 Corporate Report. The report is oriented around the highest GRI application level (Application Level »A+«). Our reporting activities are also carried out in accordance with the COP Advanced Level of the UN Global Compact.

The most recent previous Corporate Report was published in April 2014. The Corporate Report will continue to be published on an annual basis in the future.

METHODOLOGY USED IN THE REPORT

The reporting period is the 2014 business year. If, at the time of publication (deadline: March 9, 2015), the final figures for 2014 were not yet available, comparable annual figures from 2013 were used.

ENVIRONMENTAL INDICATORS

German Companies:

Since the 2013 reporting year, data collection has been limited to 29 main locations, covering approx. 60% of employees in 2014. The data collected were then projected for the entire workforce in Germany, and the figures were rounded up or down. This was performed on the basis of per-capita figures. Other bases for 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 global coverage of key figures for environmental protection, data were collected from all seven TÜV Rheinland regions. Each of the international companies with an environmental or an occupational health and safety management system in place, or with 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 were then projected for the entire workforce of the international subsidiaries, and the figures were rounded up or down accordingly. In this context, the annual average FTE (full-time-equivalent) value was used. Other bases for calculation are stated separately.

KEY EMPLOYEE FIGURES

For legibility's sake, the report makes use of the term »employee« throughout; naturally, this term is meant to encompass female and male colleagues alike. Furthermore, unless described as per-capita data, all disclosures on employee structure are based on FTE (full-time-equivalent) figures. Both varieties of disclosure represent closing-date disclosures (December 31, 2014), unless otherwise stated. The degree of coverage exceeds 90%.

GRI INDEX

GRI Index

UN Global Compact/Transparency International Reporting Guidance on Anticorruption

Indicators	Corporate Report and Web References	Comments	UNGC-Principles
1 Strategy and Analysis			
1.1	Statements from the most senior decision-makers	pp 4–7	■
1.2	Discription of key impacts, risks, and opportunities	pp 50–52, 59, 61, 66, 71–73, 110–113	■
2 Organizational Profile			
2.1	Name of the organization	TÜV Rheinland AG	■
2.2	Primary services	K2, 100–107 www.tuv.com	■
2.3	Operational structure, including main divisions	pp U3, 154–157, K3	■
2.4	Location of organization's headquarters	Am Grauen Stein, 51105 Cologne, Germany	■
2.5	Names of countries with major operations	pp 84–87, 89–90	■
2.6	Nature of ownership and legal form	pp 122	■
2.7	Markets served	pp 89–93 www.tuv.com	■
2.8	Scale of the reporting organization	K1	■
2.9	Significant changes regarding size, structure, or ownership	pp 84–88	■
2.10	Awards received in the reporting period	pp 61	■
3 Report Parameters and Limits			
3.1	Reporting period	pp 162	■
3.2	Date of most recent previous report	pp 162	■
3.3	Reporting cycle	pp 162	■
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 50–51, 53–54	■
3.6	Boundaries of the report	pp 162	■
3.7	Limitations on the scope of the report	pp 162	■
3.8	Basis for reporting on joint ventures, subsidiaries, and other entities	pp 162	■
3.9	Data measurement techniques and bases of calculations	pp 162	■
3.10	Re-statements of information provided in earlier reports	pp 162	■
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	pp 162	■
3.12	GRI content index	pp 163–167	■
3.13	External assurance for the report	pp 160–161	■
4 Governance, Commitments, and Engagement			
4.1	Governance structure and responsibility for sustainability	pp 53, 56	1–10 ■
4.2	Independence of the chair of the highest governance body	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 60	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 56–57	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 ■
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 ■

* Additional indicator. ■ Fully reported ■ Partially reported □ Not reported

Indicators		Corporate Report and Web References	Comments	UNGC-Principles	
4.8	Internally developed statements of mission or values and codes of conduct	pp 50–51, 56		1–10	■
4.9	Procedures of the highest governance body for overseeing the organization's management of economic, environmental, and social opportunities and risks	pp 56–57		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	pp 50, 109–110		7	■
4.12	Externally developed initiatives to which the organization subscribes or endorses	pp 55, 57		1–10	■
4.13	Memberships in associations	pp 55		1–10	■
4.14	List of stakeholder groups engaged by the organization	pp 53–54			■
4.15	Basis for identification and selection of stakeholders with whom to engage	pp 53–54			■
4.16	Approaches to stakeholder engagement	pp 53–54, 60			■
4.17	Response to key topics and concerns of the stakeholders	pp 53–54, 60			■
Economic Performance Indicators					
Management Approach		pp 50–51		1, 4, 6, 7	
EC 1	Direct economic value generated and distributed	pp 77–78, 93–94, 97, 100			■
EC 2	Financial implications and other risks and opportunities of climate change	pp 109–113	The business risks and opportunities with regard to climate change are indicated, but they cannot be precisely quantified.	7	■
EC 3	Coverage of the organization's defined benefit plan obligations	pp 132–133			■
EC 4	Significant financial assistance received from government		In the consideration of the grand total of revenue, financial contributions from the government are not significant.		■
EC 5*	Range of ratios of standard entry-level wage compared to local minimum wage		Because our employees are all highly educated, we set our wage systems above the legal minimums.	1	■
EC 6	Policy, practices, and proportion of spending on locally-based suppliers		As a service provider, purchasing products is less relevant and primarily concerns office supplies.		□
EC 7	Procedures for local hiring	pp 59	By the same standard, our international locations favor local personnel. This also applies to management positions.	6	■
EC 8	Infrastructure investments and services provided primarily for public benefit	pp 77, 79–81			■
EC 9*	Significant indirect economic impacts	pp 50			■
Environmental Performance Indicators					
Management Approach		pp 50–51, 71–73		7, 8, 9	
EN 1	Materials used by weight or volume	pp 74–75		8	■
EN 2	Percentage of materials used that are recycled input materials		Unlike manufacturing companies, we only use consumable materials as a service provider. Therefore, the indicator is not material for our business activities. In our electronic ordering catalog, however, we explicitly refer to recycled products so that they may be considered in purchasing.	8–9	□
EN 3	Direct energy consumption by primary energy source	pp 70–71, 74	We comprehensively report on direct energy consumption according to primary energy sources in the units relevant for the TÜV Rheinland Group. An exposition in joules is not considered productive for the internal management.	8	■
EN 4	Indirect energy consumption itemized by primary energy source	pp 70–71, 74	We comprehensively report on indirect energy consumption according to primary energy sources in the units relevant for the TÜV Rheinland Group. An exposition in joules is not considered productive for the internal management.	8	■
EN 5*	Energy saved due to conservation and efficiency improvements	pp 72–74		8–9	■
EN 6*	Initiatives to provide energy-efficient or renewable energy-based products and services	pp 75		8–9	■
EN 7*	Initiatives to reduce indirect energy consumption and reductions achieved	pp 72–74		8–9	■
EN 8	Total water withdrawal by source	pp 71, 74		8	■
EN 9*	Water sources significantly affected by withdrawal of water	pp 74		8	■

* Additional indicator. ■ Fully reported ■ Partially reported □ Not reported

Indicators	Corporate Report and Web References	Comments	UNGC-Principles	
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 70–71,75–76	8	■
EN 17	Other relevant indirect greenhouse gas emissions by weight	Our business activities produce only CO ₂ emissions but no other relevant air emissions.	8	■
EN 18*	Initiatives to reduce greenhouse gas emissions	pp 72–73,75–76	7–9	■
EN 19	Emissions of ozone-depleting substances by type and weight	Due to considerations of relevance, only CO ₂ emissions are examined in the report.	8	■
EN 20	NO _x , SO _x and other significant air emissions by type and weight	Due to considerations of relevance, only CO ₂ 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	Due to considerations of materiality, waste is not deemed relevant.	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	Due to considerations of materiality, waste is not deemed relevant.	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 75–76	8	■
EN 30*	Total environmental protection expenditures	pp 73	7–9	□
		Due to technical reasons, we cannot completely report on our worldwide measures and investments in this context.		

Indicators	Corporate Report and Web References	Comments	UNGC-Principles
Social Performance Indicators			
Labor Practices and Employment			
Management Approach			
	pp 50–51, 59–60, 68–69		1, 3, 6
LA 1	Total workforce by employment type, employment contract, and region	pp 58–59 Due to a changeover in our information system, we can no longer provide an employee data sheet with a breakdown of employees by function and gender as reported in previous years.	■
LA 2	Total number and rate of employee turnover by age group, gender, and region	pp 58–59	6 ■
LA 3*	Benefits provided to full-time employees	pp 132–133 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 70 Percent (Per-capita disclosures as of the reporting date on December 31, 2014) 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 69	1 ■
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	pp 69 In the reporting year, no occupational diseases were reported in Germany.	1 ■
LA 8	Measures in place to provide assistance regarding serious diseases	pp 68	1 ■
LA 9*	Health and safety topics covered in formal agreements with trade unions	pp 68–69	1 ■
LA 10	Average hours of training per year per employee by employee category	pp 66	■
LA 11*	Programs for skills management and lifelong learning	pp 63–67	■
LA 12*	Percentage of employees receiving regular performance and career development reviews	pp 60	■
LA 13	Composition of governance bodies and breakdown of employees per category according to gender, age group, and minority group membership	pp 58–59	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 ■
Human Rights			
Management Approach			
	pp 50–51, 56–57		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 56 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	pp 56 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	No cases of discrimination in Germany were reported to us during the reporting period.	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.	□
Society				
Management Approach		pp 50–51, 77		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 56–57		10 ■
SO 3	Employee training in anti-corruption policies	pp 56		10 ■
SO 4	Actions taken in response to incidents of corruption	pp 57		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 2014.	10 ■
SO 7*	Legal actions for anti-competitive behaviour		We are not aware of any legal actions taken against us for anti-competitive behavior in the 2014 reporting year.	■
SO 8	Fines for noncompliance with laws and regulations		We are not aware of any fines received for non-compliance with laws and regulations in the 2014 reporting year.	■
Product Responsibility				
Management Approach		pp 50–51, 56–57		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 www.tuv.com	1 ■
PR 2*	Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts	pp 57		1 ■
PR 3	Type of product information required by procedures	pp 50		8 ■
PR 4*	Incidents of non-compliance with standards concerning product and service information and labeling	pp 57		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 2014 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 noncompliance with laws concerning the provision and use of products and services were issued.	■

Indicators		Corporate Report and Web References	Comments	UNGC-Principles
UNGC/TI Reporting Guidance on Anti-Corruption				
Commitment and Policy				
B 1	Publicly stated commitment to work against corruption	pp 50, 56		
B 2	Commitment to be in compliance with all anti-corruption laws	pp 56–57		
D 1	Publicly stated formal policy of zero tolerance of corruption	pp 56–57		
D 2	Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption	pp 50, 56		
D 3	Carrying out risk assessment of potential areas of corruption	pp 57		
D 4	Detailed policies for high-risk areas of corruption	pp 56		
D 5	Policy on anti-corruption regarding business partners	pp 56		
Implementation				
B 3	Translation of the anti-corruption commitment into actions	pp 56–57		
B 4	Support by the organization's leadership for anti-corruption	pp 5, 56		
B 5	Communication and training on the anti-corruption commitment for all employees	pp 56		
B 6	Internal checks and balances to ensure consistency with the anti-corruption commitment	pp 57		
D 6	Communication and other actions taken to encourage business partners to implement anti-corruption commitments	pp 56		
D 7	Management responsibility and accountability for implementation of the anti-corruption commitment or policy	pp 56		
D 8	Human Resources procedures supporting the anti-corruption commitment or policy	pp 56		
D 9	Communications channels (whistle-blowing) and follow-up mechanisms for possible reporting of concerns or seeking advice	pp 57		
D 10	Internal accounting and auditing procedures related to anti-corruption	pp 57		
D 11	Participation in voluntary anti-corruption initiatives	pp 50, 55–56		
Monitoring				
B 7	Monitoring and improvement processes	pp 56–57		
D 12	Review of monitoring and improvement processes by the management	pp 56–57		
D 13	Dealing with incidents	pp 57		
D 14	Public legal cases regarding corruption	pp 57		
D 15	Use of independent external assurance of anti-corruption programs	pp 57		

* Additional indicator. ■ Fully reported ■ Partially reported □ Not reported

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 and Chief Regional Officers.

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 right of co-determination, employees are represented by staff representatives on the Supervisory and Management Boards.

BUSINESS STREAMS AND REGIONS

EXECUTIVE VICE PRESIDENTS

Industrial Services



Dr. Hans Berg

Mobility



Dr. Thomas Aubel

Products



Prof. Dr. Ralf Wilde

Academy & Life Care



Enrico Rühle

ICT & Business Solutions



Olaf Siemens

Systems



Michael Weppeler

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

**EXECUTIVE VICE PRESIDENTS
GERMANY**

**Industrial
Services**



Stephan Frense

Mobility



Prof. Dr. Jürgen
Brauckmann

Products



Jörg Mähler

**Academy
& Life Care**



Markus Dohm

**ICT & Business
Solutions**



Olaf Siemens

Systems



Michael Weppler

**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 Executive Vice Presidents Germany 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.



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Marco Moog: p6 below
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TÜV Rheinland: pp. 6 bottom, 62, 63, 64, 65,
67,69, 76, 78

Translation – the German text is authoritative

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