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UN Global Compact Communication on Progress (COP) Miele & Cie. KG

Period under review: 2010/2011 business year

1. Executive Statement of continued support for the Global Compact
2. Systems and activities, results

1. Statement of continued support for Global Compact

Executive Statement

issued by Dr. Eduard Sailer, Board Member responsible for Technology Issues

For generations, Miele has been a company which has been acutely aware of its position and the responsibilities towards society which accrue from this position. Consequently, Miele Senior Management decided in 2004 to subscribe to the United Nations' Global Compact. On familiarising ourselves with the Compact, we realised that this represented a meaningful contribution towards sustainability and a future worth living. Today, 8 years on, Miele is equally committed to the goals and principles of the Global Compact. There is an awareness of these goals and principles in the everyday running of our company which are put into practice in various aspects of corporate life. This reassurance of Miele's commitment documents sustainability and serves as a progress report. Miele subscribes emphatically to the principles in the fields of human rights, labour standards, fighting corruption and protecting the environment. The status quo and the progress made by Miele during the 2010/2011 business years are the subject of this progress report. Miele is able to report that it has managed to maintain its high standards relating to working conditions at Miele and is among only 5 German companies to obtain SA8000 certification. We are also proud to report that there have been no cases of corruption within the company. On the environmental side, Miele has attained energy management certification and is proud of developments in the field of energy-efficient and intelligent SmartGrid-enabled domestic appliances.

In future, Miele will remain committed to observing the principles of the Global Compact, not only within its own company but also with respect to upstream suppliers. Our goals for the near future are outlined below:

2. Systems and activities, results

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Miele is a family company with a long tradition and a great focus on values. Its management is committed to humanitarian and social values. This is communicated to and accessible by all employees via the Miele corporate philosophy and the Miele Code of Conduct which are binding in nature. Membership of the UN Global Compact and the use of the SA8000 standard are key statements and means to guarantee the implementation of the above principles.

Principle 2: Make sure they are not complicit in human right abuses

Miele strives to maintain social standard with respect to employees and requires the same of its suppliers. Miele also endeavours to maintain responsible relationships with business partners. Purchasers attach the greatest importance to sourcing only from suppliers who subscribe to the relevant standards. In doing so, Miele applies the principles of the SA8000 social standard and the UN Global Compact.

Labour standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right of collective bargaining

The Miele company actively supports employee participation. At its European production plants, the interests of employees are promoted by workers' councils, independent trade unions or other forms of representation in full compliance with relevant national legislation. Elected workers' councils and trade unions represent the interests of employees according to national laws and regulations. In Miele's Chinese plant in Dongguan, worker representation has existed since 2009. This body has monthly meetings with the personnel department with a view to discussing and resolving potential conflicts.

Principle 4: The elimination of all forms of forced and compulsory labour

Principle 5: The effective abolition of child labour

At all its own production plants – with the exception of the Chinese plant, all factories are in Europe – Miele ensures that both legal requirements and its own in-house standards are met. Miele requires that its suppliers comply with the SA8000 standard. Since 2004, all suppliers have been assigned to risk categories. The

intensity and frequency of controls depends on the country from which the supplier operates and the branch of industry. The escalation process culminates in delisting and blacklisting. This, however, has never occurred to date. Contraventions, such as child labour, would be a non-negotiable and an immediate lock-out criterion.

Achievements:

In 2010/2011, 844 new suppliers confirmed their compliance with SA8000 using a special form; a total of 8 potential candidates were turned down by Miele on account of their lack of compliance or confirmation thereof.

Occupational health and safety is regulated by Miele's integrated management system for the entire corporation and subscribes to high standards. For several years now, OHSAS 18001 has served as the benchmark.

Objectives:

A supplier management system has been under implementation since 2009. This process is due for completion by the end of 2012. The new system is intended to make operative and strategic purchasing processes even more effective and efficient.

Principle 6: The elimination of discrimination in respect of employment and occupation

When taking on new employees, qualifications are what matters. Irrespective of gender, nationality, creed or beliefs, the following principle applies to all job offers and decisions relating to personnel matters: The person with the best qualifications gets the job.

Achievements:

A low fluctuation rate of only 0.78% in 2010/2011 and various awards underline the excellent reputation which Miele has as an employer. As a result, Miele received several awards for its excellence as an employer in Germany in 2011: Both in a ranking compiled by the leading Wirtschaftswoche magazine and in the Graduate Barometer, Miele was among the Top 100 companies – showing significant improvements compared with the previous year.

Objectives (also applies to Principles 3,4,5):

All production plants with the exception of the Chinese plant in Dongguan are certified according to SA8000. Certification will probably have been obtained for the Chinese plant by the end of the 2012/2013 fiscal year. An initial audit according to SA8000 will take place there in 2011/2012.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

From product engineering to disposal – Miele is aware of its responsibilities throughout the entire cradle-to-grave product life cycle. Nevertheless, the main focus is on the usage phase as this accounts for around 80% to 90% of entire energy

consumption of domestic appliances. The company places particular focus on developing and manufacturing resource-friendly, energy-saving appliances. This forms the basis for the environmentally friendly use of highly durable, long-lasting products.

Achievements:

Miele has products in the best energy-efficiency categories. In 2010/2011, all Miele domestic dishwashers for example featured a Triple A rating on the energy label. More than 85% of all Miele refrigeration products sold were in the top two energy-efficiency categories A+ or A++.

Since the beginning of 2011, all rail travel by employees has been CO₂-free thanks to an agreement with Deutsche Bahn. This was achieved by generating the energy for rail journeys using only renewable energy sources.

Objectives:

Miele's overriding objective is to achieve further resource and energy savings on all appliances and to continue to reduce the consumption of its vehicle fleet. The aim is for Miele domestic and commercial machines to count among the most efficient on the market.

Principle 8: Undertake initiatives to promote greater environmental responsibility

Miele is always at pains to promote environmental awareness among its customers not least by pointing out that ecological actions can often bring economic benefits, e.g. through PR work, in operating instructions and sales brochures. Miele sustains an active and constructive dialogue with its stakeholders via national and international associations and through long-term cooperations with environmental organisations, the body politic, customers, scientists and other interest groups.

Achievements:

Miele conducted a major stakeholder survey in 2009/2010 involving approx. 1900 end-users worldwide. Results were implemented in 2010/2011. Miele was also actively involved in political discussions to revise energy labelling in 2010/2011 with the objective of making energy-efficient machines readily identifiable to potential customers. In the field of disposal, Miele was involved at manufacturer level in Germany and played a role in the auditing of waste management companies. The results of this work serve to further improve recycling processes.

Objectives:

Miele will in future intensify its dialogue with stakeholders and continue to meet the demands and requirements resulting from such contacts. The company strives to achieve continuous improvements in recycling processes and a high appliance recycling rate.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

New Miele developments such as EcoFeedback to indicate energy and water consumption open up the way towards the more efficient use of resources and go a long way towards sensitising customers. SmartGrid-enabled machines embodying future-proof energy concepts contribute indirectly to the adoption of environmentally friendly technologies. These machines start automatically when electricity is at its cheapest. This may, for instance, be the case at times when there is an abundant supply of energy from renewable sources or from on-roof PV arrays. This allows energy costs to be cut and promotes the use of environmentally friendly forms of energy. An intelligent shift of just one third of total programmes cycles to times in which renewables are in plentiful supply saves as much CO₂ as reducing consumption by 10%. To date, Miele is the only manufacturer worldwide offering washing machines, tumble dryers and dishwashers with the SmartGrid functionality.

Achievements:

SmartGrid-enabled appliances have been on the market since 2011. Machines featuring the EcoFeedback function have been available since 2010. In production, Miele has optimised energy management at its Gütersloh location and obtained DIN EN 16001 certification for its foundry and its mass-reducing, metal-cutting departments. Thanks to a broad range of measures and the use of environmentally friendly technologies, energy efficiency could be increased and impact on the environment reduced.

Objectives:

Energy-intelligent SmartGrid-enabled domestic appliances represent effective leverage towards further domestic energy savings. Miele will continue its commitment towards increasing the popularity of SmartGrid technology. Miele also remains committed to researching new ways to reduce the use of energy and resources, not least in production. Energy and resource management is also monitored at other production plants with a view to implementing efficiencies.

Anti-Corruption**Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery**

The far-reaching Code of Conduct applicable to the Miele Group explicitly contains provisions instructing employees on how to behave in potentially problematic situations. The Code of Conduct, first implemented in 2008, was re-issued internally in February 2012 as a more comprehensive and reworded document. Since 2010, the option of contacting a third-party ombudsman has existed in cases where corruption is suspected.

Achievements:

In 2011, five cases were brought to the attention of the ombudsman. These did not include any instance of corruption. In four cases, suspicions could not be confirmed. In one case of unjust personal enrichment, consequences were drawn and the employment contract of the person concerned terminated.

Objectives:

A focus on Miele's special corporate culture based on values in combination with in-house communication will serve in future to maintain such high standards.