

## The Board's introduction to the progress report to the UN Global Compact

BSH joined the Global Compact in 2004. During the World Economic Forum in Davos in 1999, former UN Secretary-General Kofi Annan proposed the setting-up of a Global Compact. Annan invited economic leaders from all over the world to join this compact to intensify the UN's interactions with businesses and help to achieve its Millennium Development Goals. This initiative is an appeal to businesses to ensure that all people will benefit from globalization.

BSH played a leading role in drawing up a code of conduct based on the Global Compact for the European Committee of Domestic Equipment Manufacturers (CECED) in 2005. We then drafted our own Business Conduct Guidelines on this basis and implemented them throughout the Group in 2006. Our code of conduct for suppliers, which has been included in supply contracts since 2007, is also based on the UN Global Compact. BSH's yearly Sustainability Report presents the progress made at BSH on realizing the Global Compact principles.

Our manufacturer's understanding of sustainability centers on a very comprehensive notion of product responsibility and the tireless pursuit of better ways to use BSH's products, value creation processes, expertise and engagement to achieve the objectives of sustainable development worldwide. Our innovative and super-efficient home appliances will in particular enable us to make a crucial contribution to addressing the future issues of climate protection, energy efficiency and resource conservation.

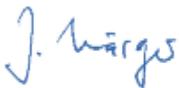
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## Communication on progress of the realization of the UN Global Compact's principles

**BSH is a member of the UN Global Compact.** The Global Compact is based on ten principles relating to human rights, labor standards, environmental protection and the fight against corruption. This table indicates the guidelines and management systems that BSH has implemented to realize the Global Compact principles. It also summarizes BSH's specific progress on realizing the Global Compact principles in 2011. Our 2011 Sustainability Report "Top Performance. With Responsibility." provides a detailed communication on progress for 2011. In addition, we inform our employees and external stakeholders about the realization of Global Compact principles in a staff newsletter and on the intranet and internet.

Principle	Guidelines & systems	Measures	Action in the period under review (2011)
<b>Human rights</b>			
<b>Principle 1:</b> support for human rights  <b>Principle 2:</b> non-complicity in human rights abuses	<ul style="list-style-type: none"> <li>▪ CECED Code of Conduct</li> <li>▪ Code of Conduct for BSH suppliers</li> <li>▪ Business Conduct Guidelines (mutual respect, honesty and integrity as the basis for collaboration at BSH)</li> <li>▪ Sustainability Strategy</li> <li>▪ Occupational Health and Safety Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>▪ Code of Conduct for BSH suppliers as a obligatory part of supply contracts</li> <li>▪ A- and B-suppliers signed a declaration of undertaking (thus covering more than 95 percent of the entire purchasing volume), BSH conducts basic audits covering social und ecological issues</li> <li>▪ Ergo-Check as ergonomic standard for all factory workplaces</li> </ul>	<ul style="list-style-type: none"> <li>▪ Update of the Business Conduct Guidelines in 2011</li> <li>▪ Since autumn 2011 pilot project "CR in the supply chain" to assess suppliers' compliance with our Code of Conduct</li> <li>▪ Deployment of Ergo-Check expanded</li> </ul>
<b>Labor standards</b>			
<b>Principle 3:</b> upholding freedom of association and collective bargaining  <b>Principle 4:</b> elimination of all forms of	<ul style="list-style-type: none"> <li>▪ CECED Code of Conduct</li> <li>▪ Code of Conduct for BSH suppliers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Basic audits, covering ecological and social issues at 95 percent of the suppliers, who are also obliged</li> </ul>	<ul style="list-style-type: none"> <li>▪ European Committee Meeting on October 13, 2011 in Vienna</li> <li>▪ BSH has been involved with the YADE</li> </ul>

forced and compulsory labor			
<p><b>Principle 5:</b> abolition of child labor</p>	<ul style="list-style-type: none"> <li>▪ Business Conduct Guidelines</li> <li>▪ Sustainability Strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ by BSH to have installed an environmental management system</li> <li>▪ BSH's European Committee (annual meeting of employee representatives of the Group's European sites since 1996)</li> <li>▪ Member of the initiative „Fair Company“ guaranteeing a fair remuneration of interns</li> </ul>	<ul style="list-style-type: none"> <li>▪ project of the DEG (“Deutsche Investitions- und Entwicklungsgesellschaft mbH”) for the qualification of suppliers in China: Workshops and training provide expertise in production organization, quality assurance, environmental protection, occupational health and safety, and social standards.</li> <li>▪ Update of the Business Conduct Guidelines in 2011</li> <li>▪ Since autumn 2011 pilot project “CR in the supply chain” to assess suppliers’ compliance with our Code of Conduct</li> </ul>
<p><b>Principle 6:</b> elimination of discrimination</p>	<ul style="list-style-type: none"> <li>▪ CECED Code of Conduct</li> <li>▪ Code of Conduct for BSH suppliers</li> <li>▪ Business Conduct Guidelines</li> <li>▪ Human Resources Principles</li> <li>▪ Sustainability Strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Launch of diversity (emphasis on internationality, gender and age) as a Group-wide strategic sustainability issue</li> <li>▪ Independent ombudsman employees can report non-compliant conduct to</li> <li>▪ Since 2010 member of „Münchner Memorandum für Frauen in Führung“ (Munich Memorandum for Women in Management)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implementation of a Group-wide diversity manager and department, diversity performance indicators incorporated into business planning and incentive programs</li> <li>▪ Update of the Business Conduct Guidelines in 2011</li> <li>▪ New assembly lines at the four largest German sites to integrate older people with health restrictions</li> </ul>
<p><b>Environmental protection</b></p>			
<p><b>Principle 7:</b> precautionary approach to environmental protection</p>	<ul style="list-style-type: none"> <li>▪ BSH's Environmental Policy</li> <li>▪ Definition of environmental</li> </ul>	<ul style="list-style-type: none"> <li>▪ Product Environmental Analysis (PEA)</li> <li>▪ Material- and energy-efficient</li> </ul>	<ul style="list-style-type: none"> <li>▪ Environmental management audits conducted at five locations</li> <li>▪ Identification of possible energy savings in</li> </ul>

	<p>focal issues within the Group-wide Sustainability Strategy:</p> <ul style="list-style-type: none"> <li>▪ Resource-efficient production</li> <li>▪ Environmentally friendly logistics</li> <li>▪ Super-efficient appliances</li> <li>▪ Unified standards for planning and building of production plants</li> <li>▪ ISO 14001 certification of environmentally relevant sites (39 out of 42 sites in 2011)</li> </ul>	<p>production methods</p> <ul style="list-style-type: none"> <li>▪ Group project “Resource Efficiency 2015” that aims to reduce the Group-wide need for non-product related resources from 2010 to 2015 by 25 percent</li> <li>▪ Nomination of resource officers at all BSH-sites to ensure achievement of reduction targets</li> </ul>	<p>production in the course of an energy audit</p> <ul style="list-style-type: none"> <li>▪ Bills of Material (BoMs) drawn up for all product groups and comparison of environmental profiles completed</li> <li>▪ Target of BSH-logistics to reduce CO<sub>2</sub> emissions form goods transport operations by 20 percent between 2006 and 2020</li> <li>▪ Expansion of the environmentally friendly logistics concept at BSH-site Nauen by new track systems and an additional loading ramp. By this concept, up to 400.000 additional appliances are shifted to transport by rail and CO<sub>2</sub>-emissions are reduced</li> <li>▪ BSH as the first company in Germany to receive corresponding emission certificates for shifting goods transport operations to rail</li> <li>▪ Within the program “Resource Efficiency 2015” provision of checklists explaining ways of reducing resource consumption to all BSH-sites</li> <li>▪ Energy-efficient building: new headquarters of BSH Netherlands were built according to the cradle-to-cradle concept (closed cycle of materials); newly opened technology center for laundry care in Berlin, were exhaust heat is reused</li> <li>▪ Optimization of energy use regarding IT by virtualization</li> </ul>
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<p><b>Principle 8:</b> promotion of greater environmental responsibility</p>	<ul style="list-style-type: none"> <li>▪ ISO 14001 certification of the environmental management system at all environmentally relevant sites (39 out of 42 sites in 2011)</li> <li>▪ Participation in the energy efficiency initiative launched by ZVEI, the German Electrical and Electronic Manufacturers' Association</li> <li>▪ Definition of environmental focal issues within the Group-wide Sustainability Strategy:             <ul style="list-style-type: none"> <li>▪ Resource-efficient production</li> <li>▪ Environmentally friendly logistics</li> <li>▪ Super-efficient appliances</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Recording of BSH's carbon footprint</li> <li>▪ Take-back system for end-of-life appliances including a quality assurance system</li> <li>▪ Basic audits at 95 percent of the suppliers, who are also obliged by BSH to have installed an environmental management system</li> <li>▪ Group-wide implementation and communication of the Sustainability Strategy adopted in 2011</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employees' Best Practice Award for the third time, Award winner 2010/2011: product area cooking for its initiative in increasing energy efficiency in its factories</li> <li>▪ Publication of an European standard for recycling of refrigeration appliances and draft of a European recycling standard for old appliances (processing and logistics)</li> <li>▪ Every year, more than 100 audits at German disposal companies, thus exceeding legal requirements</li> <li>▪ Since 2011 member of the German energy efficiency initiative (DENEFF), to accelerate public discussion on energy efficiency</li> <li>▪ Regular retailer trainings on energy efficiency, energy saving projects at Spanish schools, teaching materials on resource efficiency within the German project "Focus macht Schule", energy experts informing Turkish customers about energy saving</li> <li>▪ Since 2001, trainees have been planting trees once a year at the BSH site Çerkezköy in Turkey</li> </ul>
<p><b>Principle 9:</b> diffusion of environmentally-friendly technologies</p>	<ul style="list-style-type: none"> <li>▪ Expansion of the Super Efficiency Portfolio, including the most resource-efficient appliances of each category, which has also</li> </ul>	<ul style="list-style-type: none"> <li>▪ Founding member of the initiative "Hausgeräte +", that provides criteria to customers regarding replacement of old household appliances, as well as tips how to use energy efficiently</li> </ul>	<ul style="list-style-type: none"> <li>▪ Compared to 2010, European sales of super-efficient appliances rose by 12 percent, 33 percent of BSH turnover in 2011 was generated by super-efficient appliances</li> <li>▪ The appliances of the Super Efficiency</li> </ul>

	<p>been confirmed by an external auditor annually since 2009</p> <ul style="list-style-type: none"> <li>▪ BSH Sustainability Strategy defining super-efficient appliances as one focal issue</li> </ul>	<ul style="list-style-type: none"> <li>▪ Nomination of Energy Champions in all countries, to drive forward the issue of energy efficiency in home appliances</li> </ul>	<p>Portfolio sold in 2011 bring savings of about 1.9 billion kilowatt hours of electricity, calculated over the average usage phase of the appliances.</p> <ul style="list-style-type: none"> <li>▪ Free retailer trainings offered and voluntary application of the new European energy label before it became mandatory in December 2011</li> <li>▪ Production of the plant oil cooker Protos was discontinued in 2011. As a member of the United Nations Alliance for Clean Cookstoves, BSH still continues its efforts to tackle health and environmental problems caused by open fires.</li> </ul>
<b>Anti-corruption</b>			
<p><b>Principle 10:</b> action against corruption</p>	<ul style="list-style-type: none"> <li>▪ Business Conduct Guidelines</li> <li>▪ Compliance office and management system</li> </ul>	<ul style="list-style-type: none"> <li>▪ Comprehensive web-based training program in several languages, which is mandatory for senior and middle management as well as for officers and employees with customer and supplier contact</li> <li>▪ Since 2009 the compliance program has been an integral part of the management training courses offered by BSH Academy</li> <li>▪ External Ombudsman employees can report non-compliant conduct to</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of employees in the Compliance Committee office has been raised from six to seven in order to enhance its training capacity and its ability to provide advice on compliance matters. They are supported by some 50 part-time officers around the world.</li> <li>▪ Update of the Business Conduct Guidelines in 2011</li> <li>▪ In 2011, more than 19,000 BSH employees successfully completed web-based compliance trainings (offered in 11 languages)</li> </ul>