

COP – Progress declaration - Miele & Cie. KG

December 2009

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1. Support declaration for the Global Compact

Senior Management statement

Miele has been a member of the United Nations Global Compact since 2004. We adhere uncompromisingly to the principles of this scheme in terms of human rights, working conditions, and environmental and anti-corruption policies, and strive continuously, also in cooperation with our suppliers, to uphold their observance.

We apply our support for the Global Compact on a daily basis in our business practice in all business areas, in administration and in our factories, as well as in our international trading.

Our company motto, which has applied to all aspects of our business since the firm was founded in 1899, is "Forever better" and this is also incentive for us to apply the principles of the Global Compact.

On behalf of Senior Management

Dr. Eduard Sailer, Managing Director

2. Description of practical measures and implementation processes

3. Measuring results or expected results

I) Human rights

II) Working standards

III) Environmental protection

IV) Anti-corruption policies

I) Human rights

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

Principle 2 / Businesses should make sure they are not complicit in human rights abuses.

Naturally Miele fully complies with all legislation and guidelines regarding industrial safety and respects their employees in all areas. As the majority of Miele products are produced in Germany, or the Czech Republic and Austria, Miele sees no crisis potential here. The personal ties to the brand and the company are considered to be very important which indirectly strengthens the observing of human rights.

The low fluctuation rate of less than 2% is a clear indication of the strong ties that exist between employees and the company. During the company's history of more than 110 years, the total number of employees celebrating 25, 40 or even occasionally 50 years with Miele has grown to around 10,000.

Also at Hong Da, our Chinese factory in Dongguan, the internal Miele standards apply, in accordance with which every employee is to be treated with respect and discrimination in any form is totally unacceptable. Up to now no case of this type has been recorded.

II) Working standards

Principle 3 / *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.*

Principle 4 / *Businesses should uphold the elimination of all forms of forced and compulsory labour.*

Principle 5 / *Businesses should uphold the effective abolition of child labour.*

Principle 6 / *Businesses should uphold the elimination of discrimination in respect of employment and occupation.*

In accordance with their own company philosophy, Miele accepts no unlawful conditions or working conditions that are contrary to the ILO standards, the Global Compact or the CECED Code of Conduct.

Freedom of association is observed and guaranteed, and collective contracts are complied with. Any form of forced labour or child labour is absolutely out of the question. All employees are treated with respect and any form of discrimination is not accepted in any way. Problem situations are clarified with personal discussions, and violations of the company guiding principles are firmly dealt with and can lead to dismissal.

The official certification of the German sites in accordance with SA8000 and the Italian RINA S.p.A. as accredited assessor, was successfully concluded on Oct. 31, 2008. In May and October 2009, accredited certification was awarded to the Czech Republic and Austrian factories respectively. Monitoring audits are carried out at 6-monthly intervals. It is planned to certify the Romanian factory in Brasov in accordance with SA8000 within the next 2 years and the Chinese factory in Dongguan within the next 5 years.

Checking of all active suppliers to ensure compliance with the SA8000 social standard has been carried out continuously since 2004. Suppliers are evaluated via checklists and personally by on-site visits by representatives of the Purchasing Department. In this manner, until now (Aug. 2009) a total of 3,951 suppliers have been checked with regard to the SA8000 social standard.

At the end of calendar year 2008, 3,645 suppliers had been checked and, of these, 9 were rejected as suppliers or were required to introduce improvements.

The Quality Management Department complemented the range of questions for the process audit with enquiries regarding social standards. In this way, during on-site visits, this aspect also gains significance in addition to organisational and technical questions.

III) Environmental protection

Principle 7 / *Businesses should support a precautionary approach to environmental challenges.*

Principle 8 / *Businesses should undertake initiatives to promote greater environmental responsibility.*

Principle 9 / *Businesses should encourage the development and diffusion of environmentally friendly technologies.*

With improved communication, company wide in-house training, regular exchanges of experiences and agreed documentation, a functioning, integrated environmental management system is being further established. The aim is to fix a standardised high environmental standard in all factories. With this and at the same time, an increased level of legal security with regard to environmental law should also be achieved. The central Plant Environmental Protection Department has been tasked with the necessary coordination work.

Measures carried out:

The installation and commissioning of a large photovoltaic array (500 kW) at the Gütersloh site is viewed as a contribution to climate protection. The already completed and planned modernising of the administration buildings is regarded similarly.

Measures to implement the European guideline (EG) 1275/2008, before its deadline, to limit the standby consumption of all affected products have been introduced.

In 2008, a particularly energy saving domestic heat pump dryer was successfully introduced to the market. During operation, the consumption of electrical energy with this technology is reduced by around a half.

In order to reduce electricity consumption of domestic appliances even further, Miele has developed washing machines that require around 20% less electricity to wash a full load than is needed for the energy efficiency classification A. Even when the honeycomb drum with a capacity of up to 8 kg is not fully loaded, the machines are gentle on the environment. And even half-loads still achieve an A rating.

Miele is approaching its manufacturer responsibilities for proper disposal of climate-damaging refrigerants (CFCs) in a special way: In 2008 in Germany alone, 20 voluntary audits of refrigeration equipment recycling systems

were carried out by the company itself and 40 audits were completed by independent assessors. No major deficiencies were noted but some individual improvements were recommended and promptly implemented. In 2010, a further 40 regular audits by independent assessors working at Miele's request are planned.

Our own internal regulations that limit the use of substances dangerous to health much more strictly than legal requirements, were updated and further tightened in 2008. All suppliers were informed and required to formally confirm their compliance. Substances such as azo dyes and chloroparaffin are forbidden and strict limitations apply to polycyclic aromatic hydrocarbons (PAH) and phthalate (softener).

The compliance with legal and company internal substance prohibitions has been checked for 20 product series by independent institutes. All legal requirements have been complied with. In 2010, checking of at least 7 further series is planned.

The toxic emissions classifications of our vehicle fleet in Germany have been further improved. By the end of 2008, the classification Euro 4 was achieved by 46% of our transporters and 82% of our cars. This represents increases of 19% and 13% respectively compared with the previous year.

Targets:

Miele constantly strives to continue to improve energy efficiency of products, both during manufacture and operation, as far as is technically possible. In production, environmental standards should be maintained or, wherever possible, improved. The proportion of vehicles in Euro toxic emissions classifications 4 and 5 will be increased successively.

IV)

Anti-corruption policies

Principle 10 / *Businesses should work against corruption in all its forms, including extortion and bribery.*

In order to confirm and summarise the basic, established company culture, in August 2008 Miele issued a compliance guideline, in the form of a binding code of conduct, to all employees throughout the world.

There was no concrete reason for this. However, the size the company had reached, and also its increasing expansion into countries with different business cultures and mentality, required such a precautionary measure.

In autumn 2007, the creation of a compliance guideline was commenced and this was then published in the following August as a binding code of conduct valid throughout the company. It covered all rulings against bribery and corruption regarding gifts, travel and hospitality, conflicts of interest, donations and sponsoring, consultancy contracts and secondary employment. The basis for this guideline were existing obligations as well as the company philosophy, the ethics guideline from the Purchasing Department, the principles of the Global Compact, the SA8000 social standard and the CECED Code of Conduct.

Above all, the aim of the publication of the code of conduct was as follows: To provide information on the subject to all employees. The new code of conduct was received positively both nationally in Germany and internationally. It was regarded as confirmation of the long established company philosophy. So far there has never been a case for which drastic measures against corruption have had to be taken. In order to remain vigilant and to deal sensitively with all sides, critical matters are dealt with confidentially but thoroughly.

Targets:

With vigilance and preventative measures, above all via personal discussions on the supervisory level, the current unproblematic situation in the company should be maintained.