

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

Period under review: 2012/2013 business year

1. Statement of Continued Support
2. Assessment, policy and goals

1. Statement of Continued Support

Executive Statement

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

For 10 years now, Miele & Cie. KG has supported the objectives of the Global Compact of the United Nations. Today, as back in 2004, we continue to stand behind the principles of the initiative and are actively engaged in pursuing the goals of sustainability at all levels within our company. The measures, successes and objectives from the past 2012/2013 financial year which ended on June 30 are documented in the progress report as presented.

Miele further intends to apply, support and promote the ten universally accepted principles within its sphere of influence. Issues relating to human rights, labour standards, environmental protection and the fight against corruption are firmly anchored in our sustainability strategy and are ensured through our corporate philosophy, the application of the SA8000 social standard and our integrated management system and its certified standards.

2. Assessment, policy and goals

Human rights principles

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

Principle 2: make sure that they are not complicit in human rights abuses

Miele respects and supports international human rights. This is fully in keeping with our corporate ethics which have applied since the company was founded in 1899. Miele Management and Miele employees support a corporate culture built on mutual respect and consideration.

The company also pledges its adherence to the SA8000 social standard. All European locations are certified according to SA8000. Certification of Miele's production plant in China is currently in progress. Miele would not consider engaging in any investments which may prove critical with respect to human rights issues.

Miele's principles and philosophy is explained to all new employees on joining the company, including aspects relating to human rights. In total, more than 1000 employees and managerial staff have been qualified in personnel-related departments since the introduction of an online self-learning programme covering non-discrimination legislation in 2008; 137 of these gained qualifications during the 2012/2013 financial year.

In managing its suppliers, Miele buyers attach great importance to doing business with companies which subscribe to the social standards defined by Miele. Suppliers wishing to enter a partnership with Miele are expected to provide voluntary information. Completion of the appropriate checklist is a pre-requisite for the further selection process as it provides an initial assessment of potential suppliers on the basis of pertinent questions. During the 2012/2013 financial year, a total of 416 suppliers participated in such a survey. Of these, 396 suppliers were given a positive rating and 20 a negative assessment. The social criteria in this self-assessment are geared to the SA8000 social standard which Miele itself applies at its own production plants. This, in turn, is based, among others, on core labour standards as issued by the International Labour Organisation ILO and contained in the General Declaration on Human Rights.

GRI references: Cf. Miele Sustainability Report 2013 on www.miele-sustainability.com

Principle 1: EC5, LA4, LA6-9, LA13-14, HR1-9, SO5, PR1-2, PR8

Principle 2: HR1-9, SO5

Labour principles

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

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

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

The family-owned Miele company nurtures respectful dealings and a sense of responsibility with respect to all employees and trading partners. Confirmation of this is provided by the fact that Miele committed in 2004 to meeting the provisions of the SA8000 international social standard. In the meantime, all European production locations have now been officially certified. Certification for the Dongguan production plant in China is still in preparation and will probably be completed in 2015. Certification according to SA8000 confirms compliance with the following requirements:

- Ban on child labour
- Elimination of forced labour
- Compliance with workplace health and safety standards
- The right to freedom of association and collective wage bargaining
- Ban on discrimination
- No disciplinary measures, such as psychological or physical sanctions
- Working hours and remuneration according to legal requirements and tariffs
- Formulation and publishing of guidelines
- Implementation with the aid of Management System

Miele supports these criteria unreservedly and in full. For instance, the company performs risk rating on its suppliers and oversees their compliance with social standards.

In the field of recruitment and employment, great store is placed by fair treatment and esteem (cf. Principle 1). Decisions are based on qualifications alone when selecting applicants. For years now, there has been close and trusting cooperation with workers' representative bodies. In the event of proposed changes, Management informs the Works Council in a comprehensive and timely fashion. Once a month there are regular meetings with workers' elected representatives. The results of these meetings are always published in writing.

All employees have access to an ombudsman. This gives employees the opportunity to lodge complaints in a process which has been coordinated with the Works Council and is in full compliance with anti-discrimination legislation. In the 2012/2013 financial year, a total of 3 cases were processed.

GRI references: Cf. Miele Sustainability Report 2013 on www.miele-sustainability.com

Principle 3: LA4-5, HR1-3, HR5, SO5

Principle 4: LA4-5, HR1-3, HR5, SO5

Principle 5: HR1-3, HR6, SO5

Principle 6: EC7, LA2, LA13-14, HR1-4, SO5

Environmental principles

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

Principle 8: undertake initiatives to promote greater environmental responsibility; and

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

The production of energy-efficient and long-lasting domestic and commercial machines which place the least possible strain on the environment throughout the entire product life cycle is seen by Miele as being its core responsibility. But production processes, too, should be designed to minimise the impact on nature. Consequently, all 12 production locations are geared to energy efficiency and the good husbandry of natural resources. All production locations are certified according to the ISO 14001 environmental management standard; the plant in Dongguan/China will receive certification in February 2013.

Improvements in energy efficiency are on-going at all times and at all production locations. At the Gütersloh location which houses the corporate headquarters and the washing machine plant, the energy balance in cooling the computing centre and that of various air-conditioning systems has been improved through the use of highly efficient refrigerating plant. This equipment also links in with the heat management network, utilising the heat produced for space heating. Energy savings in the final stage of completion will be around 2000 MWh/annum. This corresponds to the energy needed to heat 100 private homes.

Projects which point to the future include plans to build co-generation plants at all Miele production plants which will further add to efficiency levels.

Another objective with respect to environmental protection at production plants is to introduce an energy management system in accordance with ISO 50001 at all production locations in 2014.

On the product front, Miele's solar dryer is a particular shining example. The T 8881 S EcoComfort is the world's only solar-powered tumble dryer. It uses the sun's energy to heat the air needed to dry laundry. The dryer is connected to a home's central heating system which, in turn, is linked to a solar-thermal rooftop array. This reduces the burden on the environment as a solar dryer with an A+++ energy efficiency rating is up to 80% more efficient than a conventional dryer. Additional benefit: In summer, the dryer contributes to utilising the output of rooftop arrays to the full.

The solar dryer is, though, only one of many products which deserves special mention. In Miele's case, all domestic and commercial machines developed and produced should place the least possible strain on the environment throughout their entire product life cycle: From development and production through to the heavily weighted usage phase and transportation and disposal/recycling.

In relation to its products, Miele has a whole host of objectives with respect to environmental protection: The number of machines with the highest energy efficiency ratings which is already high is to be increased even further. As a result, around 60% of products produced for Europe will sport an A+ rating according to the EU labelling scheme by mid-2014.

GRI references: Cf. Miele Sustainability Report 2013 on www.miele-sustainability.com

Principle 7: EC2, EN18, EN26, EN30, SO5

Principle 8: EN1-30, SO5, PR3-4

Principle 9: EN2, EN5-7, EN10, EN18, EN26-27, EN30, SO5

Anti-Corruption principles

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

Throughout the entire company history, there have been no incidents of dishonest business conduct or serious contraventions of relevant laws with respect to employees, the environment or society.

This is on the one hand the result of a corporate culture with a focus on integrity and responsibility. In the process of compliance Miele has furthermore installed many checks and balances to ensure that laws, guidelines and voluntary commitments are implemented in full. A behavioural code for the Miele Group was officially formulated and issued in 2008 with specific focus on the correct and responsible behaviour of employees in respect to donations, sponsoring and attempted corruption. In order to give employees, suppliers and other third parties the opportunity to report potential punishable offences with relevance to the company whilst maintaining full anonymity, Miele set up the position of external ombudsman in 2010.

During 2012, there were 6 and in 2013 three cases brought before the ombudsman where persons were suspected of corruption or unjust enrichment. However, initial checks proved all cases to be unfounded, dispensing with the need for further investigations.

In order to maintain such high standards, Miele will be introducing compliance training software in the course of 2014 to instruct employees in matters relating to Miele's Code of Conduct.

GRI references: Cf. Miele Sustainability Report 2013 on www.miele-sustainability.com

Principle 10: SO2-6