

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

Reporting Period: Business Year 2016/17,  
July 1, 2016 – June 30, 2017  
GC Active Level

## Reference:

- Miele Sustainability Report 2017: [www.miele.com/sustainability](http://www.miele.com/sustainability)

1. Statement of Continued Support by the Chief Executive Officer
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## 1. Statement of Continued Support by the Chief Executive Officer

To our stakeholders:

After my first year as Executive Director Technology, I am pleased to confirm that Miele & Cie. KG reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. Our company stands for integrity and a sense of responsibility towards individuals and the environment, continuity and quality – all these values are deeply embedded in our corporate culture. Since 2004, when Miele joined the United Nations Global Compact, we have continually increased our commitment to sustainability. Our vision is to be the most sustainable company in our branch of industry. In order to keep our stakeholders informed of our strategy and our progress, we published our eighth sustainability report in 2017.

Our 'Forever Better' brand promise has always been the guiding principle since the days of the founding fathers. In order to continue to do justice to this claim, Miele seeks to undergo further continuous development. A current example of this is the successful certification of our Chinese production plant in Dongguan in the 2016/17 business year in accordance with SA8000. With this, all Miele production plants are now certified according to this social standard. Further successes were achieved during the 2016/17 fiscal year in strengthening the sustainability of our products. Miele, for example, was able to improve the energy efficiency across all product categories. One shining example of this are our dishwashers with heat store technology which were awarded the German federal eco design prize in 2017 for their improved efficiency and exceptional durability.

2016/17 was characterised by growth: Alongside increasing production volumes, Miele also intensified its cooperation with the Korean robotics specialist Yujin Robot and entered a collaboration with the Italian medical technology manufacturer Steelco, to name but two examples. Furthermore, Miele embarked on

preparations for a new washing machine plant in Poland. This growth will also subscribe to the principles of sustainability. This presents challenges: For instance, our energy consumption and waste volumes have risen further on account of increased production output. Miele is currently working hard at tapping further energy-efficiency potential in order to reduce specific consumption values and achieve its targets. In doing so, we are helped by our comprehensive energy management system, for which we were awarded the 'Best Practice Label' by the German Energy Agency (dena) in 2016.

During the 2016/17 fiscal year, we commenced with the implementation of our updated sustainability strategy at production plants and in the relevant departments at Central Headquarters. In the course of this process, sustainability programmes were drawn up and individual goals and measures defined. The objective is to define 15 strategic objectives, which will give direction to Miele through to 2025.

In this Communication on Progress, we describe our actions and the progress we have made in the 2016/17 business year in implementing the Ten Principles.

Dr Stefan Breit  
Executive Director Technology

## 2. Human Rights Principles

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

**Principle 2: Business should make sure that they are not complicit in human rights abuses.**

### *Assessment, Policy and Goals*

Since Miele was founded in 1899, supporting and respecting human rights in all its business activities has been a pivotal aspect of its corporate culture. Consequently, Miele supports and respects the UN Declaration of Human Rights.

Furthermore, the observance of human rights is an important issue for Miele's future sense of direction and for risk management. A 2015 trend analysis shows that contraventions of the core labour standards of the International Labour Organization (ILO) and poor working standards throughout the entire value creation chain are increasingly coming under public scrutiny and becoming the subject of sanctions. This conclusion substantiates the effort of Miele to minimise supply risks and comprehensively meet environmental and social standards, as included in the updated sustainability strategy.

To ensure the support of human rights beyond its own operations and along the entire supply chain, Miele has set up a responsible supply chain management system. Compliance with environmental, social and economic sustainability standards is monitored several times over the course of a business relationship. Suppliers and business partners are supposed to comply with social requirements based on SA8000, which Miele controls with the help of supplier self-assessments and supplier audits. Additionally a risk surveillance system collects intelligence about worldwide news and developments regarding the supply chain. Thereby Miele strives not to miss any relevant information about its business partners and the regions of sourcing.

## *Implementation*

To ensure compliance with human rights in its own business activities, Miele decided to implement the SA8000 Standard, which suggests a management system approach to complying with the UN Declaration of Human Rights, conventions of the ILO, as well as UN and national law. All European sites have been successfully re-certified for three more years, valid until January 2021. In the business year 2016/17, Miele's plant in Dongguan, China, was also certified – as a result, all of Miele's plants are now certified according to the SA8000 Standard. In 2008, Miele first implemented its Code of Conduct, followed by a revision in 2012. The code states in writing – amongst other things – the company's policy on human rights and anti-corruption. On commencing employment with Miele, new employees are introduced to the company's principles and the Code of Conduct. Noticeboard bulletins at production plants remind employees of the General Equality Act and the complaints office and cite contact persons for male and female complainants. Every employee in Germany has the right to turn to a complaints office, which offers help as the first point of call in the case of suspected discrimination. The complaints office works closely with the aggrieved person to review the circumstances surrounding the complaint. Wherever possible, the results of the review are disclosed to the person within one month.

In 2015, an online compliance training programme revolving around the Miele Code of Conduct, valid legislation on competition and the General Equality Act was introduced. Participation is obligatory for relevant groups of employees, mainly in management positions; the programme is also open to all other interested parties within the company.

Once potential suppliers have completed their self-assessment successfully and Miele is interested in engaging in a business relationship, the supplier needs to pass a short audit conducted on-site, assessing amongst other things compliance with human rights and labour principles. Suppliers are required to update their self-assessment every year and are audited on a regular basis, assessing similar criteria to those in the short audit. In addition, if classified as a high risk supplier due to country of origin or sector affiliation, suppliers undergo a more detailed audit specifically focusing on human rights and labour principles every year. During the business year 2016/17, Miele qualified five new process auditors and has access to more than 130 trained auditors in total who are deployed in process audits. If a supplier does not pass the audit, Miele engages with the supplier to jointly develop improvement measures. If however the supplier is not willing to improve, Miele usually ends the business relationship.

## *Measurement of Outcomes*

The online compliance training programme on the Miele Code of Conduct has been successfully completed on a worldwide scale by a total of 3,290 employees in 2016/17. During 2016/17, 498 participants successfully completed this training, including all employees for whom this is mandatory on account of their position.

The 2016/17 fiscal year saw 793 suppliers apply for cooperation with Miele. Of these, 743 completed the self-assessment form on compliance with social standards. 8 of them (1%) were unable to confirm at least one of the required statements on compliance with social standards and were therefore not directly included in the pool of potential suppliers.

Self-assessment on compliance with social standards by potential suppliers					
No.	2012/13	2013/14	2014/15	2015/16	2016/17
Compliance confirmed	433	555	968	475	735
Compliance not confirmed	12	15	6	9	8
Total	445	570	974	484	743

During the reporting period, 26 suppliers were inspected according to an escalation plan. Inspections showed no deviations; no suppliers were placed under embargo due to non-compliance with social standards.

#### *GRI-G4 References*

Principle 1: G4-HR2, G4-HR7-9, G4-HR12, G4-SO1-2

Principle 2: G4-HR1, G4-HR10-11

### 3. Labour Principles

**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.**

#### *Assessment, Policy and Goals*

Meeting high social and ethical standards is a top priority for Miele. Upholding the freedom of association and collective bargaining as well as the elimination of forced labour, child labour and employment discrimination are core responsibilities. Consequently, Miele supports and respects the ILO Core Conventions.

Miele's commitment to its employees goes far beyond fulfilling legal requirements. The company pays decent wages in all countries of operation. Furthermore, Miele grants numerous social benefits and ensures worker participation and employee representation. Miele is an equal opportunity employer. This is also reflected in the updated sustainability strategy, the objective being to promote diversity through respect and equal opportunities.

Miele would like to raise awareness throughout the company for the potential of diverse life and work experiences, perspectives, and values. The company-wide framework for promoting diversity and equal opportunities and combatting discrimination is provided by Miele's Corporate Philosophy, the Miele Code of Conduct and a company agreement to adhere to the general principles of equal opportunities. The successful recertification of all European locations according to SA8000 during 2016 and 2017 and the initial certification of Dongguan in China is the result of Miele's continued commitment towards fair working conditions. Furthermore, Miele has signed the German Diversity Charter in 2012.

Salaries and wages are based on tariffs and company agreements. There are no differences in the pay received by women and men at Miele. Merit pay is categorised and calculated strictly based on the specific task and actual performance and does not take gender or other irrelevant criteria into account.

Employee pay at Miele's Dongguan plant in China was raised above the minimum wage to an appropriate living wage, which, unlike the former, covers the cost of living. Employee pay in the Czech Republic is also based on the local cost of living. In Romania, Miele complies with national guidelines and also makes additional social security payments.

To establish support of labour standards beyond its own operations and along the supply chain, Miele has set up a supply chain management system. Suppliers and business partners are supposed to comply with social requirements based on SA8000, which Miele controls with the help of supplier self-assessments and supplier audits.

Please see also Principle 1/2 for further details.

### *Implementation*

To ensure occupational health and safety, all Miele sites are OHSAS 18001 certified. Certification was renewed in 2017 and is valid for a further 3 years.

Since 2013, every manager needs to qualify herself/himself with a one-day-training regarding Diversity. To promote equal opportunities, Miele runs projects and events to promote the interests of women. In 2017, Miele organized the 'Miele Women's Conference', a networking event for about 200 Miele women who took the opportunity to discuss matters such as 'Women in Leadership' or 'Career Development for Young Talent' and many more. Women at Miele are also often involved in one of the three company networks for women. There is one open network for all women, one for women with a technical background and one for women with power of attorney.

Every employee in Germany has the ability to turn to a complaints office, which offers help as the first point of call in the case of suspected discrimination. In accordance with the General Equality Act, the works council is involved in handling and evaluating incoming complaints. Miele has set up a dedicated complaints office at each company location in Germany, each of which is run by one man and one woman. All complaints are treated confidentially. The complaints office works closely with the aggrieved person to review the circumstances surrounding the complaint. Wherever possible, the results of the review are disclosed to the complainant within one month.

Please see Principle 1/2: Implementation for further details. Miele has implemented comprehensive management systems to ensure compliance with both human rights and labour principles along the value chain.

### *Measurement of Outcomes*

Please see Principle 1/2: Measurement of Outcomes for further details on management systems, number of employees trained on the Code of Conduct and number of potential suppliers who completed the self-assessment questionnaire.

The following measurements of outcomes refer to the business year 2016/17. The change to business year 2015/16 is given in brackets in percentage or percentage points (pp), where applicable:

- Total number of employees: 19,465 (+6.0%)
- Percentage of employees covered by collective bargaining agreements: 66.6% (+ 3.0pp)
- Employee turnover rate Germany: 1.1 % (-1.1pp)
- Injury frequency rate: 9.3 (-0.2pp)
- Average hours of training per year per employee: 7.1 (+/-)
- Percentage of women in total German workforce: 22.1% (-1.0pp)<sup>2</sup>
- Percentage of Miele employees in Germany with non-German citizenship: 5.7% (+0.4pp)
- Percentage of employees in Germany with disability: 6.0% (+/-)

Miele was awarded the TOTAL E-QUALITY label in 2017 for its personnel policy geared to equal opportunities. TOTAL E-QUALITY Germany awards this prize to organisations which promote equal opportunities in their personnel and corporate policy. This award honours Miele's commitment to the appreciation, promotion and harnessing of the individual diversity of its employees.

During the reporting period, 69 managers and employees from HR were trained on the General Equality Act using an online learning program. Since the programme was introduced, a total of 1,374 employees have gained this qualification.

Throughout 2016/17, there was only one complaint about discrimination on the basis of ethnicity. As a consequence, Miele issued a written warning.

#### *GRI-G4 References*

Principle 3: G4-11, G4-LA4, G4-HR4

Principle 4: G4-HR6

Principle 5: G4-HR5

Principle 6: G4-10, G4-EC5-6, G4-LA1, G4-LA3, G4-LA9, G4-LA11-13, G4-HR3

## **4. Environmental Principles**

**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.**

#### *Assessment, Policy and Goals*

Miele sees environmental protection as one of its core responsibilities. In its own processes, the company addresses material use, energy use, greenhouse gas emissions, water use, wastewater, and waste. However, as a producer of household appliances, the largest impact in the value chain lies in the usage phase of its products. Thus, the company places special emphasis on managing this aspect of environmental impact. As a guiding principle, the company aims to avoid, reduce and recycle as much as possible and adopts a precautionary approach.

The updated sustainability strategy defines objectives relating to the environmental performance of products and production through to 2025:

- Miele is branch leader in terms of environmental performance, in particular with respect to CO<sub>2</sub> emissions and energy and resource efficiency: Efforts to improve efficiency in production will be continued and central climate indicators added. Material loops are to be closed with respect to both products and production wherever economically feasible according to the cradle-to-cradle principle. Measures will cover the three areas of energy consumption, resource efficiency and CO<sub>2</sub> emissions.
- Miele appliances are the benchmark in sustainable product design and holistic efficiency: Designing machines which are both long-lasting and repairable is an integral part of Miele's product philosophy.
- Miele is leader in its branch of industry with respect to new products and features and business models with a bearing on sustainability: With new or redesigned business models, Miele exploits sustainability potential and creates additional user benefits for its customers. Wherever they make sense, system solutions, sharing, leasing and other models are adopted which are comprehensive and well-conceived.

In formulating its sustainability strategy, Miele has defined the following quantitative goals in the energy field:

- Reduction of specific energy consumption per product in kWh/unit by 2025 by 20% compared with the 2014/15 business year.

To promote environmental responsibility amongst its suppliers, Miele has integrated environmental aspects in its supply chain management system. Suppliers and business partners are asked to indicate in the supplier self-assessment if an environmental management system is in place, that local environmental laws are observed and if resources are managed sustainably. Requirements regarding the environmental impact of purchased raw materials and components are guided by both applicable laws and company specifications.

## *Implementation*

### Production

Since 2015, Miele monitors compliance with regulations at all of its German plants with the help of a unified legal management system covering operational environmental protection, energy management and occupational health and safety.

All Miele sites make use of an environmental management system in accordance with ISO 14001. In addition, all sites except Dongguan have implemented an ISO 50001 certified energy management system. However, energy management at the Chinese Dongguan location is based on ISO 50001.

Miele reviews its energy management on a yearly basis in the form of internal audits which are performed by six specially trained employees. During the 2016/17 business year, no deviations were observed.

In 2015, a revision of the ISO 9001 and ISO 14001 standards came into force. In 2016/17, all Miele production plants were issued with a self-assessment tool to evaluate their own performance with respect to updating both standards systems. In 2017, all production plants were successfully certified according to the updated ISO 9001 and ISO 14001 standards. In the course of ISO 14001 updates, Miele is working on compiling a matrix for each of its plants. This will map all key environmental issues and must be observed by individual locations, and records performance levels and potential for improvement. At Uničov,



Warendorf and Bielefeld, additional production and warehousing areas have been created, further extending the scope of the management system.

During the 2016/17 certification period, an energy audit was performed at each location. No system deviations were recorded. Out of the numerous suggestions on improving energy efficiency, only a few could be implemented in an economically feasible manner.

Miele has worked continuously at completing the cycle of materials in production. One successful pilot project from the previous year involved the use of recycled cast iron in the company's own foundry at its Gütersloh plant. Trials involving a waste management company resulted in 2016/17 in a permanent collaboration. Regular checks are undertaken to explore the possibility of extending the use of recyclates.

In converting existing production plant and equipment and creating new lines, Miele observes all regulations relating to the prevention of water pollution in full. Construction work, where necessary, is accompanied by a technical expert.

## Products

To ensure its products will meet the required quality, longevity, and environmental standards, Miele developed a check list which is being used in the product development process. Miele adopts a holistic approach in developing its durable domestic appliances and commercial machines. All products offer high performance and the best possible results in combination with the lowest possible energy, water and chemical consumption. Above all in the laundry-care and dishwashing sectors, Miele increasingly offers system solutions in which appliances, wash processes and detergents are perfectly matched. Similarly, the connectivity of domestic appliances contributes towards a more efficient use of resources. On the path towards the long-term objective of a circular economy, Miele is experimenting with the recuperation of materials from old appliances.

## Suppliers

Please see Principle 1: Implementation for further details on how Miele audits its suppliers. Environmental aspects are part of the same audits as compliance with human rights and labour standards.

## *Measurement of Outcomes*

The following measurements of outcomes refer to the 2015/16 business year. The percentage change to business year 2014/15 is given in brackets:

### Production (in absolute figures)

- Environmental protection investments: € 1.1 m (17.8. %)
- Environmental protection expenditures: € 6.7 m (+/-)
- Energy use: 246,363 MWh (+6.7%)
- CO<sub>2</sub> emissions: 102,493 tons CO<sub>2</sub> (-4.6%)
- Water use: 361,822 m<sup>3</sup> (-0.9%)
- Waste water: 332,838 m<sup>3</sup> (-1.0%)
- Waste: 38,777 tons (+17.1%)<sup>1</sup>

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<sup>1</sup> The main reason for the increase in waste volumes is growth in production output.



## Production (in relative figures)

- Energy use per ton of product: 1,188 kWh (-3.3%)
- CO<sub>2</sub> emissions per ton of product: 0.49 tons (-13.3%)
- Water use per ton of product: 1.74 m<sup>3</sup> (-10.3%)
- Waste water per ton of product: 1.60 m<sup>3</sup> (-10.6%)
- Waste production per ton of product: 149 kg (+0.5%)

To further improve the energy efficiency of its production operations, Miele has invested in numerous energy-saving measures. During the reporting period, a variety of energy-efficiency measures were undertaken at all Miele locations. In total, savings in the order of 684 MWh electricity and 390 MWh heat energy were achieved.

Despite various measures to increase energy efficiency, no efficiency improvements were achieved in absolute terms: The reason for this was mainly an increase in production. This increase is likely to continue in line with company growth. Despite increased energy needs, Miele has nevertheless succeeded in reducing absolute CO<sub>2</sub> emissions along with relative CO<sub>2</sub> emissions. This was achieved above all through efficiency gains in the area of transportation, for example through larger packaging units and the improved utilisation of capacities. Furthermore, all master record data relating to logistics was updated and specified in greater detail in 2016/17.

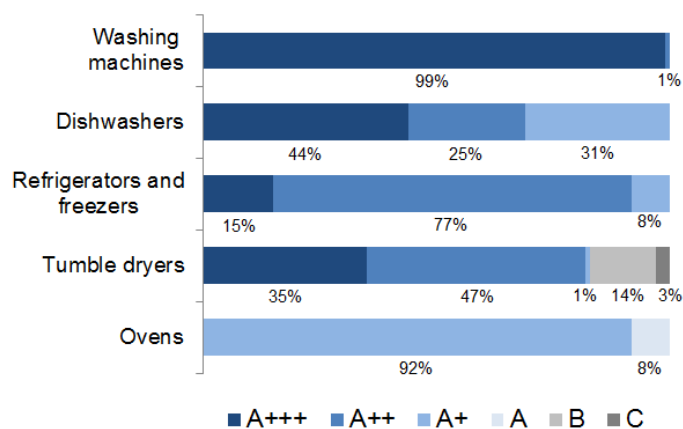
No contraventions of environmental regulations were recorded during the period under review. Miele takes complaints very seriously indeed and processes these with a high priority. During the 2016/17 business year, a total of three notable complaints about noise were received at two locations. The causes were promptly dealt with through administrative measures.

## Products

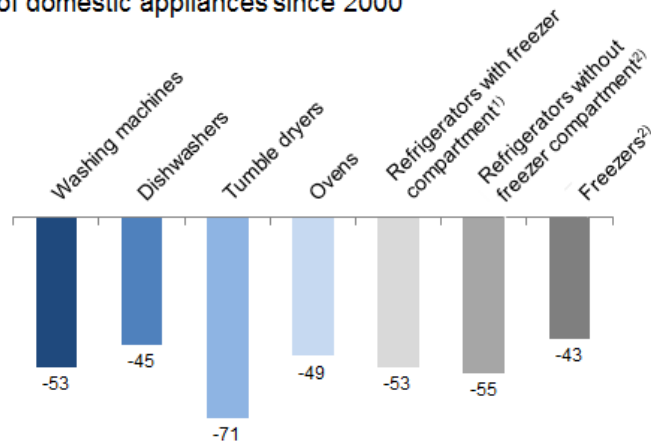
Miele was once again able to improve the efficiency of its appliances. This is reflected in both consumption and energy efficiency ratings.

### Energy efficiency rates

for each product group in percent



## Reduction in energy consumption of domestic appliances since 2000



Comparison of the most energy-efficient Miele appliances available on the market in the 2016/17 business year with the most energy-efficient Miele appliances from 2000.

<sup>1)</sup> 151l-300l of usable capacity

<sup>2)</sup> Up to 150l of usable capacity

During the 2016/17 business year, almost all washing machines subject to energy labelling (more than 99%) fell into the top A+++ category, undercutting the boundary value by up to 40% (depending on model). This corresponds to a further increase of more than 6 percentage points compared with the 2015/16 business year. In the case of tumble dryers, an even more significant increase in the share of products in the highest efficiency category was achieved: from 8% (2015/16) to 35.3%. The share of dishwashers in the A+++ category was increased from 39% (2015/16) to 43.5% and the share of refrigerators and freezers from 13% (2015/16) to 15%. This enabled Miele to achieve its targets of further increasing its share of low-consumption products.

### GRI-G4 References

Principle 7: G4-EC2, G4-EN1, G4-EN3, G4-EN8, G4-EN15-17, G4-EN20-21, G4-EN27, G4-EN31

Principle 8: G4-EN1-34

Principle 9: G4-EN6-7, G4-EN19, G4-EN27, G4-EN31

## 5. Anti-Corruption Principles

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

### Assessment, Policy and Goals

Miele pursues a zero-tolerance policy against all forms of corruption, bribery, extortion and illicit enrichment and has committed itself to be in compliance with all relevant laws, including anti-corruption laws. Compliance management ensures that valid legislation and Miele's own guidelines are applied at all times.

To establish support of anti-corruption policies beyond its own operations, these principles are embedded in Miele's supply chain management system. Suppliers and business partners are asked to follow anti-corruption policies and confirm doing so in a supplier self-assessment.

### *Implementation*

#### Code of Conduct

In 2008, Miele first implemented its Code of Conduct, followed by a revision in 2012. The code states in writing, amongst other things, the company's policy on corruption, bribery, donations and sponsoring. Its predecessor was the Code of Ethics, which was implemented in the purchasing department in 1996. On joining the company, new employees are introduced to the company's principles and the Code of Conduct.

As part of the internal audit, specific aspects of the Code of Conduct are verified, amongst them compliance with the policies on accepting gifts, on donations, and on conflicts of interest. In the event of non-compliance, improvement measures are implemented.

Please see *Principle 1: Implementation* for further details on how Miele audits its suppliers. Compliance with its anti-corruption policy is part of the same audits as compliance with human rights and labour standards.

#### Grievance Mechanism

Since 2010, an external ombudsman can be contacted if there is a suspicion of corruption, fraud, or theft in any Miele location. Employees, suppliers, and third parties all over the world are able to consult the ombudsman. Whistleblowers are guaranteed complete anonymity.

The first contact in the event of contraventions against data protection provisions is the Data Protection Officer of the Miele Group.

### *Measurement of Outcomes*

Please see Principle 1/2: Measurement of Outcomes for further details on number of employees trained on the Code of Conduct.

In June 2016, self-learning software on the subject of competition and anti-trust legislation was introduced in Germany. All employees involved in issues relating to competition and anti-trust law are obliged to use this self-learning software. The programme ends with a test. Records are kept on whether tests were passed. By October 2016, Miele had introduced the software at all its locations, also those outside Germany. Additionally, a legal management system covering environmental protection, energy, occupational health and safety was implemented in the period under review. Furthermore, Miele introduced information management software addressing product-related regulation worldwide.

There were no signs of corruption during the 2016/17 business year. Furthermore, no contract with a business partner or supplier was terminated or discontinued due to non-compliance with the anti-corruption policy.

Please see Human Rights Principles and Labour Principles: Measurement of Outcomes

### *GRI-G4 References*

Principle 10: G4-56, G4-57, G4-58, G4-SO3, G4-SO4, G4-SO5, G4-SO6