



BSH Home Appliances Group

**B/S/H/**

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

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

BSH joined the Global Compact in 2004 and played a leading role in drawing up a code of conduct based on the Global Compact for Home Appliances Europe (APPLiA) in 2005. These principles are integrated in BSH's Business Conduct Guidelines and implemented throughout the Group. Our code of conduct for suppliers is also based on the UN Global Compact and ensures compliance with social and environmental standards in the upstream value chain.

Munich, June 6th, 2019

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Dr. Karsten Ottenberg  
Chief Executive Officer

Matthias Ginthum  
Chief Markets Officer

Johannes Närgen  
Chief Financial Officer

Dr. Silke Maurer  
Chief Operating Officer

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

The following table indicates the guidelines and management systems that BSH has implemented to support the Global Compact principles relating to human rights, labor standards, environmental protection and the fight against corruption. It also summarizes BSH's specific progress on realizing the Global Compact principles in 2018.

Principle	Guidelines & systems	Measures	Results
<b>Human rights</b>			
<b>Principle 1</b> Support for human rights	<ul style="list-style-type: none"> <li>/ Business Conduct Guidelines</li> <li>/ APPLiA Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>/ Written acceptance of BSH Suppliers' Code of Conduct by suppliers (social and ecological standards based on Global Compact and ILO Declaration);</li> </ul>	<ul style="list-style-type: none"> <li>/ Social Compliance Programme continued for further key suppliers with work-intensive or environmentally relevant production processes.</li> </ul>
<b>Principle 2</b> Non-complicity in human rights abuses	<ul style="list-style-type: none"> <li>/ Occupational Health and Safety Guidelines</li> <li>/ BSH Suppliers' Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>/ Since 2013, continuous systematic audits of production materials suppliers by external certifiers and derivation of measures.</li> </ul>	<ul style="list-style-type: none"> <li>/ Tracking of measures of suppliers audited and systematic re-auditing.</li> </ul>

Principle	Guidelines & systems	Measures	Results
<b>Labor standards</b>			
<b>Principle 1</b> Upholding freedom of association and collective bargaining	/ Business Conduct Guidelines / APPLiA Code of Conduct	/ Written acceptance of BSH Suppliers' Code of Conduct by suppliers. / Since 2013, gradually systematic audits of production materials suppliers by external certifiers and derivation of measures.	/ Social Compliance Programme continued for further key suppliers with work-intensive or environmentally relevant production processes. / Tracking of measures of suppliers audited and systematic re-auditing
<b>Principle 4</b> Elimination of all forms of forced and compulsory labor	/ BSH Suppliers' Code of Conduct		
<b>Principle 5</b> Abolition of child labor			
<b>Principle 6</b> Elimination of discrimination	/ Business Conduct Guidelines / APPLiA Code of Conduct / BSH Suppliers' Code of Conduct / BSH Corporate Principles	/ Diversity Management (emphasis on internationality and gender) further developed, diversity KPIs in strategic goals. / Annual Girls' Day (female students get to know jobs in the field of IT, manufacturing, / Diversity week (action week with different formats e.g. workshops and keynotes related to diversity). / Since 2013 corporate project "Demographic change in production" supports a balanced age structure through age and health based working conditions. / Signing of the Diversity Charta.	/ Maintaining last year's proportion of female employees (31 percent) and women among managers (26 percent).

Principle	Guidelines & systems	Measures	Results
<b>Environmental protection</b>			
<b>Principle 7</b> Precautionary approach to environmental protection	/ BSH's Environmental Policy  / Unified standards for planning and building of production plants	/ Group project „Resource Efficiency 2025“ turned into a carbon neutral strategy for scope 1 and 2 emissions	/ Examination of the possibility of using biodegradable plastics for the transport packaging for our appliances.
<b>Principle 8</b> Promotion of greater environmental responsibility	/ ISO 14001 certification of BSH factories	/ Certified quality assurance system for recycling fridges adopted by our disposal service providers in Germany.	/ All 42 production sites of BSH with certified environmental management system according to ISO 14001 in 2019.
<b>Principle 9</b> Diffusion of environmentally-friendly technologies	/ ISO 50001 certification of BSH factories in EU and Turkey  / Product Environment Analysis (PEA) for continuous improvement of environment-related aspects during product development	/ BSH engages in Stiftung 2°, a German foundation dedicated to combat global warming.  / Development and design of circular business models and products.	/ All production and logistic sites in Germany as well as the site Cerkezköy in Turkey, logistics and European sites larger than 250 employees certified according to ISO 50001, the standard for energy management systems.

Principle	Guidelines & systems	Measures	Results
<b>Anti-corruption</b>			
<p><b>Principle 10</b> Action against corruption</p>	<ul style="list-style-type: none"> <li>/ Group Policy Anti-Corruption - Gifts &amp; other Benefits</li> <li>/ Business Conduct Guidelines</li> <li>/ Governance, Risk and Compliance approach</li> <li>/ APPLiA Code of Conduct</li> <li>/ BSH Suppliers' Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>/ External Lawyer of Trust (for employees and externals) and anonymous reporting system (BSH Trust and Tell System) (for employees) all over the world.</li> <li>/ Regular Compliance communication and working tools address i.a. the risk of corruption.</li> <li>/ Risk-based compliance training program for all employees all over the world based on a learning management system and the IMPACT Tool.</li> <li>/ Worldwide Implementation of the IMPACT Tool.</li> <li>/ The Customer And Supplier Approval (CASA) process aims at preventing corruption.</li> </ul>	<p>Awareness regarding corruption has risen due to (e.g.):</p> <ul style="list-style-type: none"> <li>/ Worldwide Compliance dialog between managers and employees with regard to compliance.</li> <li>/ Over 77,000 web based Compliance trainings and over 6,500 participations in classroom trainings in 2018; thereof over 41,000 web based trainings and over 3,200 participations in classroom trainings with relevance for corruption prevention.</li> <li>/ BSH has opted to set up its CMS in alignment with the seven elements approach listed by the IDW Assurance Standard 980 (AssS 980). In 2018, Ernst &amp; Young GmbH Wirtschaftsprüfungsgesellschaft assessed the CMS for anti-corruption and conflicts of interest in Germany and China and confirmed its appropriateness.</li> </ul>

**BSH Hausgeräte GmbH**  
Carl-Wery-Str. 34  
81739 Munich  
Germany  
Corporate Communications  
[corporate.communications@bshg.com](mailto:corporate.communications@bshg.com)