BSH Home Appliances Group

B/S/H/

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

June 2021

The Board's introduction to the progress report on 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 18, 2021

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Dr. Carla Kriwet
Chief Executive Officer

Matthias Ginthum
Chief Markets Officer

Dr. Gerhard Dambach
Chief Financial Officer

Dr. Silke Maurer
Chief Operating Officer

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The following table indicates the guidelines and management systems that BSH has implemented to support the Global Compact principles relating to human rights, labour standards, environmental protection and the fight against corruption. It also summarizes BSH's specific progress on realizing the Global Compact principles in 2020.

Principle	Guidelines & system	Measures	Results
Human rights			
Principle 1: Support for human rights **Principle 2:** Non-complicity in human rights abuses	/ Business Conduct Guidelines / APPLiA Code of Conduct / Occupational Health and Safety Guidelines / BSH Suppliers' Code of Conduct	/ Written acceptance of BSH Suppliers' Code of Conduct by suppliers (social and ecological standards based on Global Compact and ILO Declaration), including the responsibility for adherence to Human Rights in the entire up-stream value chain. / Since 2013, continuous systematic audits of production materials suppliers by external certifiers and derivation of measures. / Since 2019, regular enquiries with suppliers using Cobalt to reveal and take responsibility for Cobalt Sources. / Since 2020, extension of regular enquiries also regarding the sources of 3TG (Tantal, Tinn, Tungsten, Gold). / Strengthening the resources headcounts/budget for the Sustainability Team in Purchasing. / Definition of a sustainable strategy based on BSH´s purpose	/ 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

Principle	Guidelines & system	Measures	Results
Labor standards			
Principle 3: Upholding freedom of association and collective bargaining	/ Business Conduct Guidelines / APPLiA Code of Conduct / BSH Suppliers' Code of Conduct	/ Written acceptance of BSH Suppliers' Code of Conduct by suppliers, including the responsibility for the upstream Supply Chain. / 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.
Principle 4: Elimination of all forms of forced and compulsory labour			
Principle 5: Abolition of child labour			
Principle 6: 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 part of strategic goals. / Diversity Days (action days with different formats e.g. workshops and keynotes related to diversity). / Worldwide strategic workforce planning supports a balanced age structure through age and health based working conditions in all factories worldwide. / Signing of the Diversity Charta. / Employee Networks: WOMENforBSH, LGBT+ Network "Colors of BSH"	/ Similar to last year's proportion of female employees (31 percent) and women among managers (24 percent).

Principle	Guidelines & system	Measures	Results
Environmental protection			
Principle 7: Precautionary approach to environmental protection Principle 8: Promotion of greater environmental responsibility Principle 9: Diffusion of environmentally-friendly technologies	/ BSH's Environmental Policy / Unified standards for planning and building of production plants / ISO 14001 certification of BSH factories / ISO 50001 certification of BSH factories in EU, China and Turkey	/ Group project „CO_2 program" defining measures for the reduction of scope 1, 2 and 3 emissions. / The operation of a functional environmental management system is prerequisite for supplier accreditation. / Certified quality assurance system for recycling fridges adopted by our disposal service providers in Germany. / Development and design of circular business models and products. / Implementation of circular economy with suppliers in the area of pre-materials (e.g. steel, plastic resins). / Assessment of CO_2 emissions Scope 3 (up-stream value chain), identification of main drivers for emissions and set up of project to reduce CO_2 emissions at suppliers by 15% by 2030 (base 2018).	/ All 38 production sites of BSH with certified environmental management system according to ISO 14001. / All European production and logistic sites larger than 250 employees, as well as the site Cerkezköy in Turkey and all production sites in China are certified according to ISO 50001, the standard for energy management systems. / Carbon neutral operations from 2020 onwards

Principle	Guidelines & system	Measures	Results
Anti-corruption			
Principle 10: Action against corruption	/ Group Policy Anti-Corruption - Gifts & other Benefits / Business Conduct Guidelines / Governance, Risk and Compliance approach / APPLiA Code of Conduct	/ BSH Trust and Tell System and external Lawyer of Trust as channels for confidential and (if requested) anonymous reporting of potential compliance violations for employees and externals all over the world. / Regular Compliance communication and Quick Guides address i.a. the risk of corruption. / Risk-based Compliance training program for all employees all over the world based on a learning management system and the IMPACT Tool. / Worldwide Implementation of the IMPACT Tool. / Implementation of a systematic criteria-based workflow for supplier release, as well as for the review of already existing supplier portfolio.	Awareness regarding corruption has risen due to (e.g.): / Mandatory yearly compliance dialogues between managers and employees with regard to compliance and prevention. / More than 84,400 web based compliance trainings and more than 14,100 participations in classroom trainings in 2020; thereof more than 11,300 web based trainings and more than 2,300 participations in classroom trainings with relevance for corruption prevention.