

B/S/H/

Creating Transparency

Group Sustainability Report
2013

About this report

Since 1992, BSH Bosch und Siemens Hausgeräte GmbH has been reporting annually to its stakeholders on how it implements its sustainable corporate strategy. This report covers all BSH sites around the world. It discusses recent achievements and developments at the Group and presents environmental and staff-related key performance indicators for financial year 2013. The final deadline for contributions to this report was 30 April 2014. This report follows the Global Reporting Initiative guidelines (GRI G3). It also serves as BSH's progress report in relation to the UN Global Compact. A clear summary of our progress in implementing the Global Compact principles is available at:

For more information about BSH and its brands, see BSH's 2013 Group Annual Report or visit its website at:
www.bsh-group.com



WE SUPPORT

www.bsh-group.com → What we stand for → Responsibility → Global Compact

Selected awards in 2013 and 2014



“XV Premio Medio Ambiente Aragón 2013” for environmental protection, Spain



“E.ON Energy Conservation Prize”, Hungary



American Chamber of Commerce’s “Investor of the Year”, Russia



“Customer Service Star”, Poland



“Deutscher Bildungspreis” for education, Germany



Top Employers Institute’s “Top Employer Europe”

BSH worldwide



● Group Headquarters
 ● Subsidiaries/Sites
 Factories: ■ Cooking
 ■ Refrigeration/Freezing
 ■ Dishwashing
 ■ Washing/Drying
 ■ Consumer Products
 ■ Motors/Pumps

Sites certified according to ISO 14001

China	Wuxi Chuzhou Nanjing	France	Lipsheim	Spain	Esquiroz Estella La Cartuja Montañana Santander Vitoria
		Greece	Athens		
		Peru	Callao (Lima)		
Germany	Bad Neustadt Bretten* Dillingen Giengen Nauen* Traunreut*	Poland	Lodz (2)	Turkey	Çerkezköy
		Russia	St. Petersburg	USA	New Bern LaFollette
		Slovakia	Michalovce		
		Slovenia	Nazarje		

* Sites whose energy management systems have been additionally certified to ISO 50001

As of May 2014

Main brands



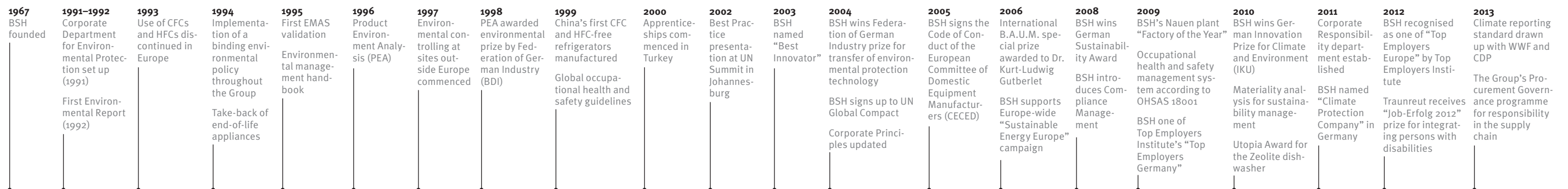
Special brands



Regional brands



Milestones 1967–2013



Content



15



07



25

High-quality household appliances and unconditional customer orientation are the hallmarks of BSH Bosch und Siemens Hausgeräte GmbH. At the same time, our own processes are geared to resource excellence: decoupling BSH's growth from resource consumption. This begins with environmentally friendly product development, which reduces the use of critical materials while increasing the use of recycled materials. To make sure we meet the varied environmental and social requirements, we constantly engage in dialogue with customers, employees, business partners, politicians, research institutes and non-governmental organisations.

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In 2013 we noticeably enhanced our governance to bring about an even more strategic approach to future sustainability challenges.

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“We don’t only want to be pioneers when it comes to making high-quality home appliances. Our goal is to harmonise economic, ecological and social requirements all over the world – and to be a reliable partner throughout the value chain.” Dr. Karsten Ottenberg

Dear Reader,

We have committed ourselves to the principle of sustainability from our company’s tradition as a manufacturer of high-quality home appliances with a long life. Sustainability is an integral part of our corporate strategy and describes our path to success. This strategic understanding requires us to harmonise the economic, ecological and social aspects of our activities. Our goal is to be a pioneer and a benchmark in the sector.

Targeted sustainability management is needed in view of BSH’s growth, our increasingly international operations and the associated complexity. Our focus lies on establishing end-to-end, efficient governance along the value chain, developing and marketing innovative and energy-efficient products and conserving resources. In an open dialogue with our stakeholders we recognise future challenges and devise new solution models.

We made good progress towards achieving our sustainability targets in 2013. Our success in the market underlines this: Sales of our portfolio of super-effi-

cient appliances rose by 15 percent to 4.6 million units compared with the previous year. In spite of difficult market conditions, we were able to increase the Group’s sales revenue – to a level of 10.5 billion euros.

We aim to foster an understanding of sustainable corporate governance and anchor it throughout the Group. We managed to set new milestones in the year under review. By realigning and strengthening our governance-risk-compliance organisation we created the preconditions for a Group-wide umbrella concept. It provides greater transparency and gives us early and thorough warning of the risks involved in our business activities. Four areas of activity give us better perception and control of our sustainability measures and form the structure of this report: Resource Excellence, Business Partners, Consumers and Products as well as Human Resources Policy. This focused approach enables us to take our stakeholders’ interests into account even better in line with responsible corporate governance. We demonstrated just how serious we are about protecting



“We offer our customers high-quality products with a long life. We also guarantee satisfaction by being reachable via many channels and providing comprehensive service. To continue improving, we keep obtaining feedback from our customers.” Matthias Ginthum



“BSH is growing continuously and becoming increasingly international. To fill vacancies throughout the world with the most suitable employees, we offer a variety of qualification and personal development programmes.” Johannes Narger

consumers’ interests and having a transparent information policy when we ran the biggest voluntary product safety action in the company’s history in 80 countries last year.

For us, the current sustainability report – the 22nd – is an important instrument for informing our stakeholders. It is oriented to the international guidelines of the Global Reporting Initiative (GRI) and, at the same time, is our progress report to the Global Compact of the United Nations.

In four focus areas, we present, among other things, the expansion of our climate reporting, compliance with social and ecological standards throughout the upstream value creation stage, our voluntary product safety action and the employee survey, which for the first time was conducted simultaneously at all of our sites worldwide in 2013.

We wish you an informative read and are looking forward to your suggestions, which can be sent to corporate.communications@bshg.com.

Dr. Karsten Ottenberg
Chairman and CEO of
BSH

Matthias Ginthum
Brand Management,
Sales and Logistics

Johannes Narger
Finance and
Labour Relations Director



The company

Benchmark in quality and responsibility

BSH Bosch und Siemens Hausgeräte GmbH is the largest manufacturer of home appliances in Europe, and one of the leading companies in the sector worldwide. The Munich-based Group was founded as a joint venture between Robert Bosch GmbH (Stuttgart) and Siemens AG (Munich) in 1967. BSH currently operates 41 factories at 28 sites in 13 countries in Europe, the USA, Latin America and Asia. In addition, it has a global network of sales and customer service companies. In 2013, the BSH Group had a workforce of almost 50,000 employees at over 80 companies in 47 countries.

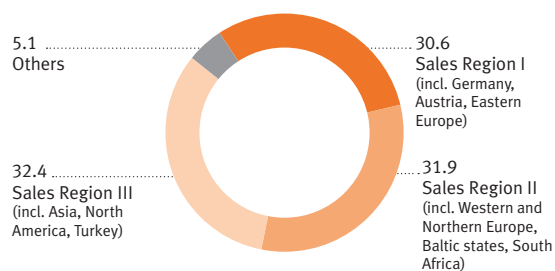
Adding value, offering diversity

Our goal is to be a benchmark in our sector. We want to be convincing through quality, design, innovation, benefits and usefulness, and thus create added value for our customers, employees and shareholders. Sustainability is an integral part of BSH's strategy and business model.

Our diverse brand and product portfolio enables us to meet a wide range of consumer requirements. Our main brands are Bosch and Siemens. They are supplemented by eight special brands for specific target groups and consumer needs (Gaggenau, Neff, Thermador, Constructa, Viva, Ufesa, Junker and Zelmer) as well as by four regional brands (Balay, Pitsos, Profilo and Col-dex), which give us a broad presence in their respective home markets. Our product portfolio spans the entire spectrum of modern household appliances. It extends from stoves, ovens, extractor hoods, dishwashers, washing machines, dryers, refrigerators and freezers to small appliances (consumer products) such as vacuum cleaners, coffee machines, kettles, irons and hairdryers.

Sales revenue by sales region

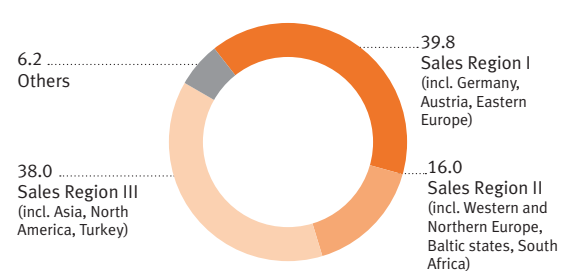
In percent



Business year 2013

Employees by sales region

In percent



As at 31 December 2013



Growth in all regions

Despite weak, global economic growth, BSH posted record sales of 10.5 billion euros in the 2013 financial year – up 7.2 percent year on year. All sales regions in the world as well as the Group's other activities (e.g. business with components and merchandise for resale) contributed to this growth. At 509 million euros, the Group's earnings before interest and taxes (EBIT) came to 4.8 percent of sales revenue.

BSH continued its international expansion in the year under review and acquired Zelmer S.A., a Polish manufacturer of small appliances with round about 1,350 employees. We opened a new production plant for consumer products in Cerkezköy (Turkey) in March 2013. In addition, manufacturing capacities for the cooking product area were expanded there and in Nanjing (China). In 2013, the machinery for producing refrigerators was installed at the newly built second factory in Chuzhou (China). The factory was officially opened in April 2014. Our manufacturing capacities were also set up and expanded at the sites in Turkey, Poland, Russia, USA, India and China among other places. Our washing machine factory in Kabinburi (Thailand) was closed as planned. South-Eastern Asia will be supplied from the new production plant in Chennai (India) from autumn 2014. At the same time, a development centre for gas hobs and extractor hoods for the region is being constructed there.

In October 2013, the rating agency Standard and Poors confirmed the long-term “A” rating and the short-term “A-1” rating for BSH. The outlook was rated as “stable” on the basis of the high and stable operating results and cash flows. These ratings underscore BSH's excellent credit standing.

Awards

Year for year, BSH products present a compelling argument with their technical innovation and quality. While Bosch stands for “reliability, sustainability and mature technologies”, in particular, Siemens appeals to customers with its “pioneering spirit, smart innovations and progress in the service of humanity.” BSH's special brands, such as Neff and Gaggenau, and our regional brands also guarantee our success: in 2013, BSH was again the leader in comparative product ratings within Europe. Independent European trade magazines, like Stiftung Warentest, put BSH appliances through a total of 164 tests. Winning 110 of these tests meant that we even surpassed our very good result from the previous year (91). The Bosch, Siemens and Neff dishwashers came top in their test – each scoring 1.9 – thanks to their very good cleaning performance, energy efficiency and low noise level. In 2013, again, BSH in Hungary won two “E.ON Energy Conservation Prize” awards for energy-efficient home appliances: in the categories “dryers with capacity over 6 kg” and “built in ovens with circulated air”. In Spain, BSH came top – compared with other groups – in a consumer study conducted by the New York-based Reputation Institute in the categories “corporate governance” and “social commitment”. BSH Russia was unanimously voted “Investor of the Year” by the American Chamber of Commerce in Russia, St. Petersburg Chapter, for the second time. This recognised its contribution to the economic development of the region, its social responsibility and its attractiveness as an employer.



How does BSH
communicate with
its stakeholders?

A multi-faceted dialogue with stakeholders

We are constantly working together with our trading partners and suppliers to develop sustainable and responsible business relationships. In collaborative projects with industry players, research institutes and non-governmental organisations (NGOs), we systematically examine the requirements of our stakeholders and elaborate new solutions. In matters of energy efficiency and the transition to a renewable-energy regime, BSH actively brings its expertise to bear by participating in a variety of committees, congresses and events and maintaining direct contacts with policy makers. We also maintain close ties with consumer- and environmental-protection organisations worldwide.

Stakeholders – dialogue and partnerships

Industrial and trading partners, suppliers, service providers

- Dealer satisfaction study
- Round table on “Compliance and Sustainability in the Supply Chain”
- “Club Excelencia de Sostenibilidad” (a Spanish corporate association)

Consumers, consumer-protection organisations

- Social media web radar “Satisfaction with products”
- “Satisfaction with Customer Service” survey
- Comparative product tests

Sustainable Business

Employees, management, collective bargaining partners, universities

- Employee survey
- European works council
- Partnerships with universities

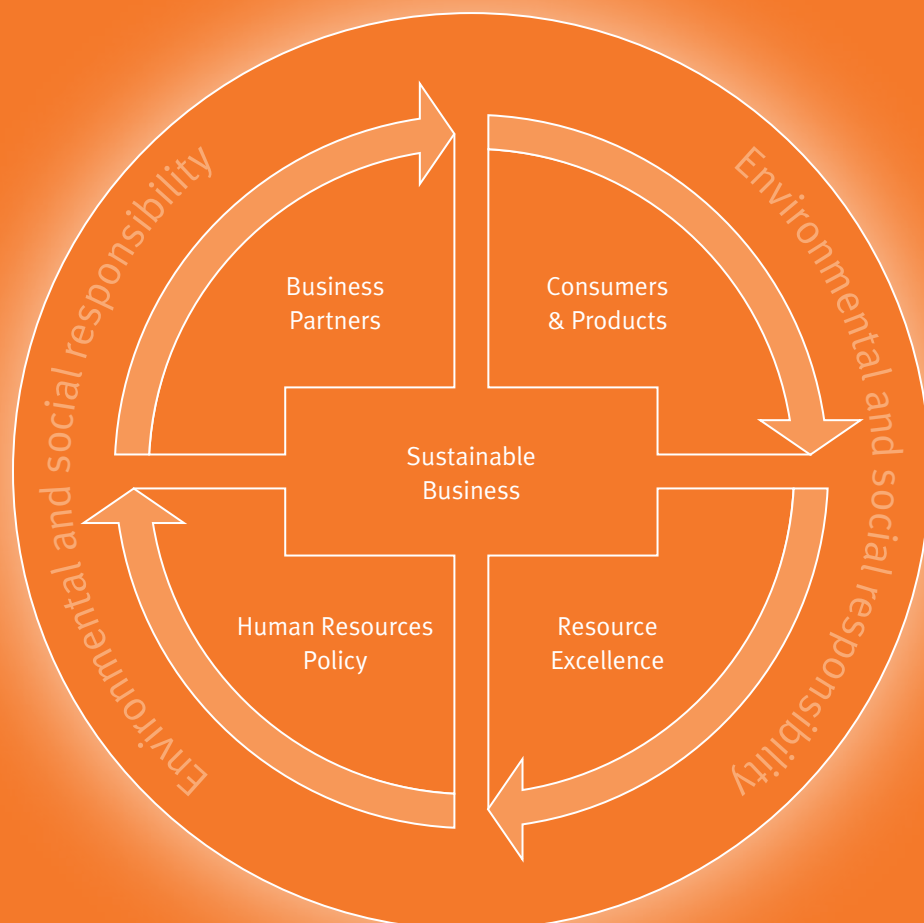
Policy makers, NGOs, science and academia

- Regulation – EU energy label
- Carbon Disclosure Project – climate reporting
- Disposal standards for WEEE old appliances

How does BSH communicate with its stakeholders?

Sustainable corporate governance

We elaborated our sustainability strategy in 2011 on the basis of our BSH Corporate Principles and a comprehensive survey of stakeholders. The new concept developed in 2013 delineates BSH's four key action areas for responsible corporate governance more clearly than ever before.





Sustainable corporate governance

Reliable sustainability management

As one of the leading home appliance manufacturers in the world, BSH stands for values such as innovation, quality and reliability. Our business success is based on our credibility and the trust our partners and customers place in us. To earn that trust we need to take economic, ecological and social aspects into account – in equal measure – in all our business activities. Sustainability is not only an integral part of our Group strategy and Corporate Principles, but is firmly anchored in our corporate organisation, and we take a targeted and long-term approach to the management of corresponding focus topics.

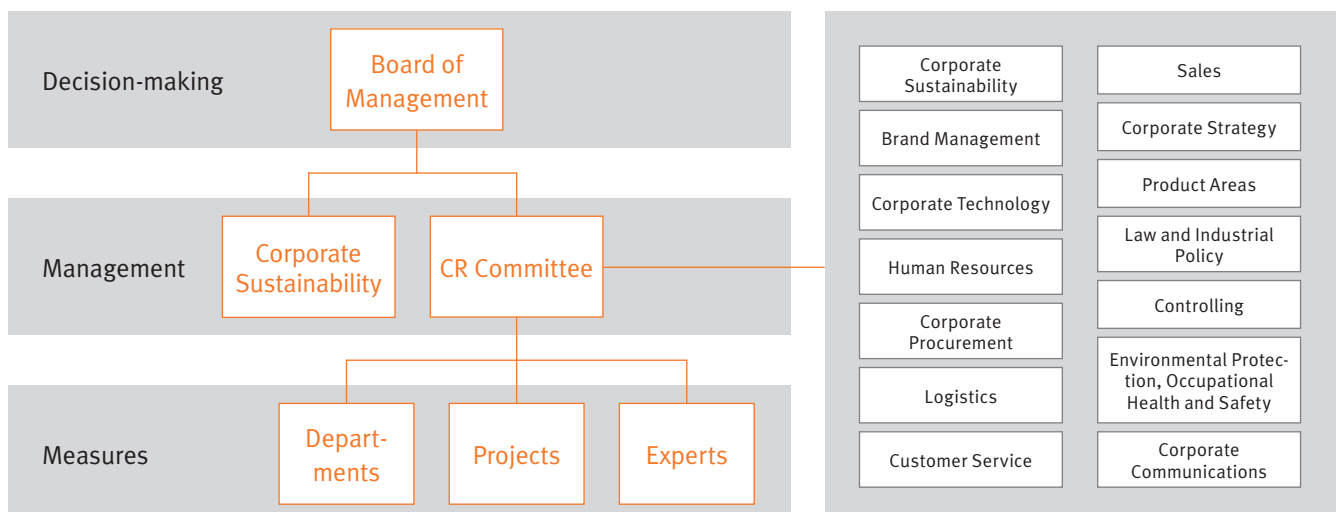
Sustainability anchored in the company

The head of Corporate Sustainability, which was established in early 2011, is responsible for sustainability management at BSH and for coordinating key sustainability-related activities at Group level. He reports directly to the Chairman of the

Board of Management. Corporate Sustainability provides impulses across the entire Group for sustainability-related issues and contributes its expertise in a variety of projects with both internal and external partners. Set up in 2011, the Corporate Responsibility (CR) Committee is a Group-wide decision-making body whose purpose is to ensure that BSH is positioned for, and geared to, sustainability. The committee, whose members come from 14 corporate units, met seven times in the course of 2013 under the leadership of Corporate Sustainability.

At annual workshops, the Board of Management determines the focal points of the Group's sustainability-related activities and is regularly kept up to date on the progress of the programmes.

Organisational anchoring of Corporate Responsibility (CR)



The content of this sustainability report is structured to match the four key areas given in the company's revised sustainability strategy. The report has been approved by the Board of Management.

Four key areas

Taking the Corporate Principles as its stepping-off point, BSH developed the key areas of its sustainability strategy in 2011 on the basis of a comprehensive survey of stakeholders. The focus topics were determined by means of a materiality analysis. We keep up an intensive dialogue, both with our stakeholders and within the company, on key topics of future interest. Four key areas and the corresponding key strategic issues (see graph) are the product of the ongoing development of our sustainability strategy.

Managing sustainability

BSH understands corporate responsibility as being the unremitting quest to improve its sustainability performance. The company's approach to this is characterised by the plan-do-check-act (PDCA) management method (see page 14), which involves grouping activities and aligning them with the strategy. Selected medium-term sustainability targets are integrated in BSH's five-year business plan. During discussion of the business

plan, the relevant key performance indicators (KPIs) are subjected to a planned/actual comparison and, where necessary, adjusted. In 2013, additional medium-term sustainability goals for consumer satisfaction were integrated in the business plan for the first time.

Employee participation

Alongside KPI-based management, the participation of the workforce and the dialogue with them are key to successful sustainability management. BSH makes use of a wide variety of instruments in order to foster an understanding of sustainability and anchor it within the company. Workshops on sustainability with local managers and employees in Spain, Turkey, Belgium and Poland have shown that, despite all differences at local level, one decisive factor is shared: at its business locations, BSH makes a contribution to the sustainable economic development of the local regions – mainly in its role as an employer, in the training of young people, in its environmental protection activities, in its sponsorship of universities and students, in its discussions with policy makers and associations as well as in its support for local and social initiatives and programmes.

Key areas and focus topics of BSH's sustainability strategy





Sustainable corporate governance

Governance, risk and compliance as the basis

Dependability, fairness and integrity – both in our internal dealings and in our contacts with business partners and consumers – are an integral part of the BSH Corporate Principles, underpinning our success in the long term. Wherever we do business, our actions adhere to the applicable laws. Clear structures, responsibilities and rules ensure that these are observed in all areas of the company and in all of its processes.

As a company with worldwide operations, BSH contributes towards the creation of fair working conditions and towards environmental protection. In joining the United Nations Global Compact in 2004, the company made a commitment to promoting the Compact's ten principles in the areas of human rights, labour, environment and anti-corruption. In 2005 we signed the code of conduct of the European Committee of Domestic Equipment Manufacturers (CECED), which we were instrumental in elaborating.

Integrated approach – governance-risk-compliance

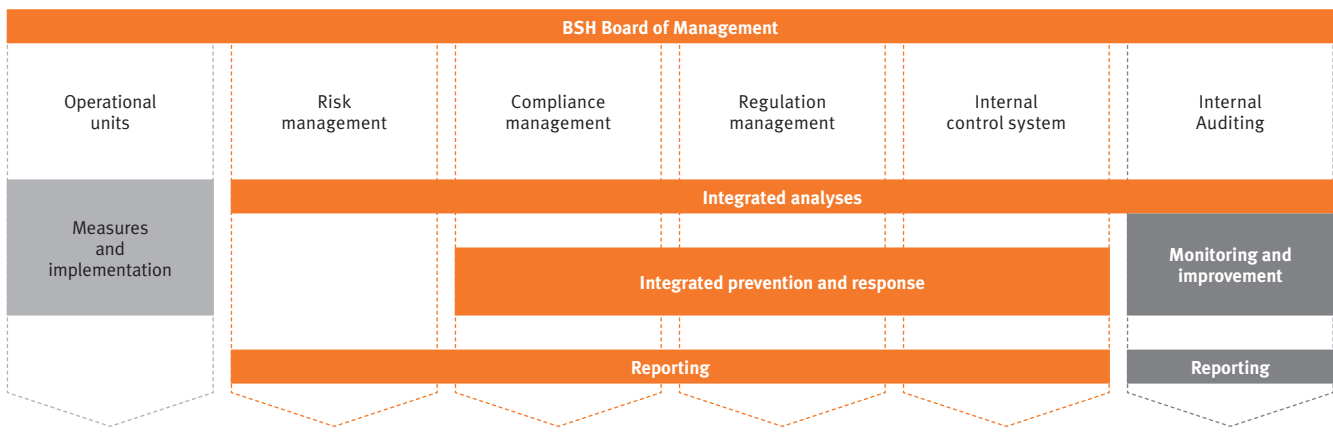
For us, sustainable corporate governance also means keeping a watchful eye – across all organisational units and countries – on changing requirements for corporate control and monitoring, and on the potential risks posed by our business activities. In 2013, we continued to expand the structures needed for this, and are currently establishing an overarching operational model for Group-wide governance-risk-compliance activities. The latter creates a Group-wide regulatory framework for business. Along with the newly created Risk Management department, the Compliance and Internal Auditing departments report directly to the Chairman of the Board of Management.

Risk management activities expanded

In 2012 and 2013 we placed special emphasis on giving our risk management activities a new direction. In particular, a corresponding corporate department was created and substantial resources allocated to these activities. The Risk Management Committee, which comprises two Board of Management members and the corporate department heads, meets every six months. All the risks specific to our business operations have been collected in a new risk categorisation catalogue. They include not only strategic, legal and regulatory risks but also compliance, taxation, sustainability and reputational risks. Product-, production- and sales-related risks as well as country-specific risks are also examined.

The catalogue already contains around 100 topics, which are updated after every six-monthly risk survey and also in the course of the ongoing dialogue with the corporate departments, product areas and subsidiaries. The purpose of the catalogue is to assist the organisational units in identifying risks and to serve as a basis for the drafting of risk maps for the Group.

Risk managers at all BSH companies work to ensure that risks are recorded in a uniform manner across the entire Group. The head of each organisational unit bears responsibility for managing that unit's risks. The successful rollout of BSH's realigned system of risk management was backed up by a web-based information campaign, dedicated workshops and intensive training sessions, in which more than 100 employees took part.

Integrated approach: governance-risk-compliance**Stronger emphasis on prevention in compliance matters**

At BSH we understand compliance to be an instrument for reducing risk and ensuring that our corporate governance is based on values. That is why our activities in this area are focused on promoting an understanding for rule-based behaviour, enhancing transparency and simplifying business processes. Here, too, we built up our resources in 2013, and the tasks of Corporate Compliance now include preventive programmes, internal consultation services for the functions and regions, and the development of training courses. The latter covers the four key areas Compliance addresses: anticorruption, antitrust law, data protection legislation and the prevention of money laundering.

Compliance officers at Group headquarters and in those countries in which BSH has subsidiaries, ensure that compliance is firmly anchored throughout the entire Group. Employees who wish to report compliance violation can turn to either an independent external ombudsman or the IT-based “Trust and Tell” system, which enables employees to give anonymous tips. In 2013, almost 19,500 employees took part in web-based compliance training courses. In addition to consolidating and simplifying all our compliance guidelines, we intend to complete the test phase of our IT-based compliance tools, which are designed to check the integrity of our business partners and high-risk transactions. The process to check the integrity of business partners has been standardised across the entire Group. It assists employees in carrying out integrity checks both before and during the negotiation phase with potential business part-

ners. Another tool identifies high-risk payment transactions in the Group and carries out a plausibility check. Where necessary, such transactions are additionally checked by the specialist department.

Internal auditing – a third focal point

The tasks of the Internal Auditing department include recognising potential hazards in the company at an early stage so as to minimise the liability risks they pose to the company’s management. It forms the third focal point of activities within BSH’s governance-risk-compliance complex. In line with an annual plan, Internal Auditing checks – in an independent and neutral manner – the issues and activities that have been recorded as being of relevance to BSH.

To ensure end-to-end compliance with the auditing methods and to do justice to BSH’s growth and the complexity it gives rise to, dotted-line links were established in 2013 between the regional auditing departments in Turkey, China, the Asia-Pacific region and the US on the one hand and the central Internal Auditing department on the other. Examples of the audits carried out in 2013 include issues such as dependent contractors, compliance of BSH international subsidiaries with the EU Directive on Waste of Electrical and Electronic Equipment (WEEE) or responsibility and compliance in the field of procurement.



Sustainable corporate governance

Responsible lobbying

Sustainable corporate governance must take into account the regulatory, ethical and sociopolitical requirements of policy makers and society and strike a balance between these and the company's goals. Achieving this increasingly calls for a dialogue with government bodies and NGOs as well as environmental organisations and consumer protection associations. We actively participate in the political debate, and advocate sustainable development and a framework that is conducive to doing business.

Fair and transparent

As a company operating worldwide, we represent our interests and opinions in national, European and international industry associations and through direct contacts with policy makers. Over and above that, we play an active part internationally in bodies devoted to technical regulations and standardisation. Current topics of our work in associations include not only revising the European energy label, but also introducing standards for product safety and usability. Our contribution to political and social opinion-making is constructive and responsible. To ensure that our activities in this area comply with our values and principles, all employees who represent BSH's interests towards stakeholder groups must first complete compliance training.

Positions and impulses in 2013

The European energy label has made a name for itself in the market as an important and sensible information tool for buyers and sellers alike. Today, the information the label provides comprises not only the product's energy efficiency class, but also – depending on the product type – other key performance features, such as water consumption. From the point of view of consumers, it is crucial that the performance features

shown enable the products to be clearly distinguished from one another. Only in that way will they be in a position to make sound, informed decisions on what to buy. Thus far, the EU energy label has, to a very large extent, directed the customers' attention to energy-efficient appliances and had a corresponding influence on their decisions. But the clear and transparent labelling of products is also having an effect on manufacturers: since the energy label was launched, the power efficiency of household appliances has risen continuously. For example, in the last 15 years we have reduced the power consumption of fridge-freezer combinations by 75 percent, thus making a substantial contribution toward protecting the climate.

When it comes to the revision of the EU energy label that is due in 2014, our demand is that, in the interests of both transparency for consumers and planning reliability for manufacturers, the focus on energy efficiency and the ambitious scaling of the energy efficiency classes be retained. To ensure that the label continues to enjoy broad acceptance in future, we are working not only within our industry – e.g. on the Board Committee on Environment, Energy and Climate of the Central Federation of the Electrical and Electronics Industry (ZVEI) – but also in overarching organisations like the Federation of German Consumer Organisations (vzbv). At European level we are pursuing a future-oriented dialogue with consumer protection associations such as the European Association for the Co-ordination of Consumer Representation in Standardisation (ANEC) and the Bureau Européen des Unions de Consommateurs (BEUC). We are also actively contributing

our expertise in the area of energy efficiency to the current political and social debate on the transition to a renewable-energy regime in Germany. In the context of the EU Directive on Energy Efficiency, we advocate the introduction of a market-based system of incentives.

Collaboration and partnerships

We want to go beyond the current practice of product labelling and create greater transparency. The introduction of electricity efficiency classes for households could make electricity consumption transparent and assist in taking the right action in future to cut power consumption in the home. In its capacity as a partner from practice, BSH is developing the new label together with Öko-Insitut e.V., electricity providers and consumer protection agencies in a research project led by the Institute for Social-Ecological Research (ISOE). Thanks to the large number of different participants who are involved in the research process, it will be possible to develop technical solutions, business models and tailored consultation in line with demand. The project is sponsored by the German Federal Ministry of Education and Research (BMBF).

In cooperation with RWTH Aachen University, we are currently examining the customer's perspective in a project entitled "Customer benefit and willingness to pay for eco-related product features". The project is focusing on washing machines and refrigerators. The results of the study will find their way into the resource-conserving technologies we market. In the "Smart-Energy Region Oberland" project, we are taking a close look at three Bavarian districts, a number of local utilities, research organisations, a citizens' action group and several companies in order to determine the scope for extending the decentralised supply of energy at municipal level. The focus here is on renewables and measures to enhance energy efficiency. BSH is partnering a local pilot project the objective of which is to help private households and commercial enterprises to save up to 20 percent in electricity annually.

What is more, BSH is also a member of the advisory committee "Resources and closed loop recycling management" of the German Association of Environmental Management (B.A.U.M. e.V.), the Munich Climate Protection Alliance (Münchener Klimaschutzbündnis) and the Bavarian Energy Efficiency Pact (Energieeffizienzpakt Bayern).

Key memberships in industry associations

- CECED** – European Committee of Domestic Equipment Manufacturers
- ZVEI** – Zentralverband Elektrotechnik- und Elektronikindustrie e.V., – Germany's Electrical and Electronic Manufacturers' Association
- AMDEA** – Association of Manufacturers of Domestic Appliances, UK
- AHAM** – Association of Home Appliance Manufacturers, USA
- CHEAA** – China Household Electrical Appliances Association, China
- EuropElectro** – Representation of European Electrical and Electronics Industry, China

Participation in standards organisations

- IEC** – International Electrotechnical Commission
- CENELEC** – European Committee for Electrotechnical Standardization
- DIN** – Deutsches Institut für Normung – German Institute for Standardization

Transparent efficiency

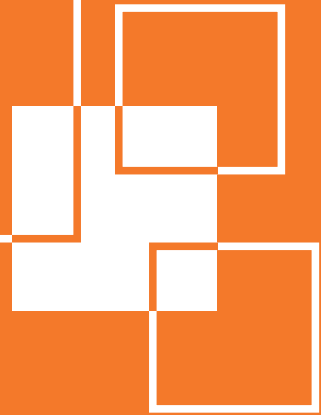
Since 2011, the new European energy label has been making the energy efficiency of household appliances even more transparent. Customers can pick out highly efficient appliances in no time at all thanks to additional energy efficiency classes, figures for annual electricity/water consumption, language-neutral pictograms, information on noise emissions and many other details.



A sample of the energy label currently in use for washing machines



How does BSH
ensure that it
achieves its
targets?

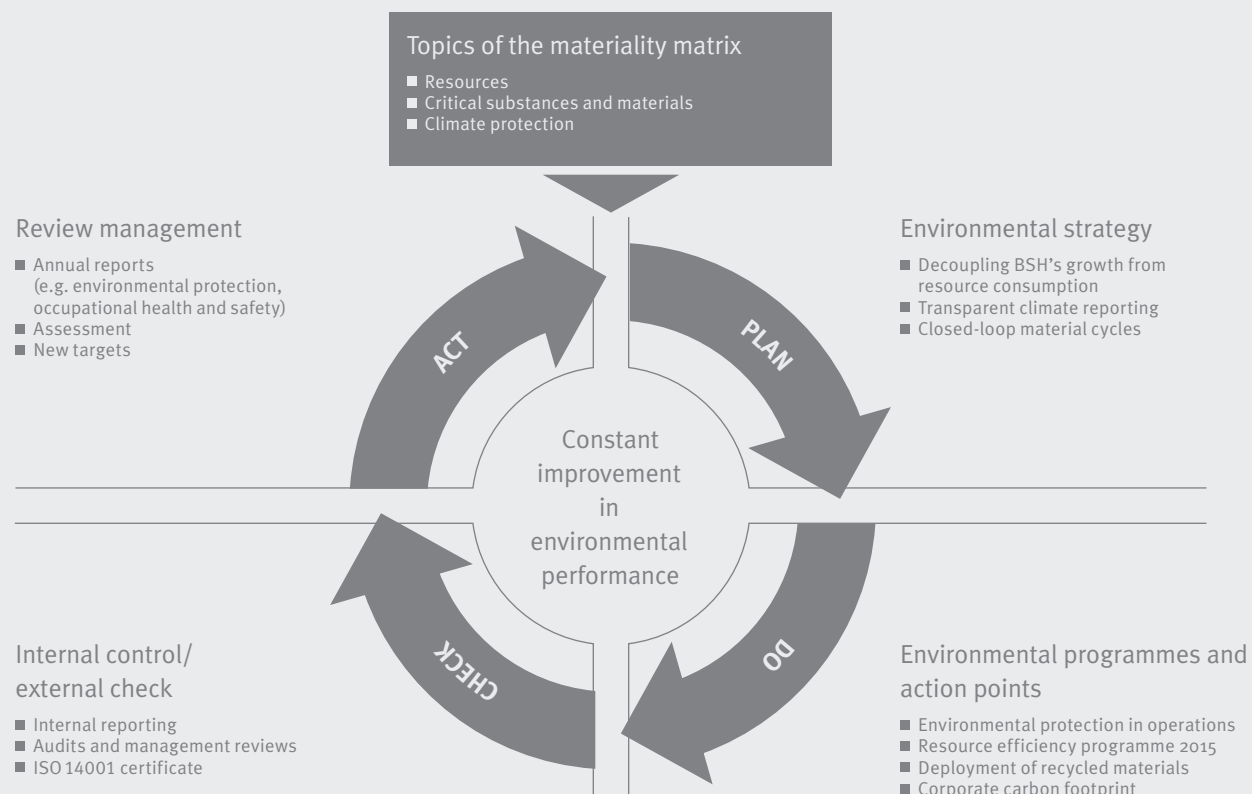


How does BSH ensure that it achieves its targets?

Our aspiration:
to constantly improve our environmental performance

BSH is constantly working to improve its sustainability performance, a management process it tackles using the plan-do-check-act (PDCA) method. It helps us to ensure that binding targets are set across the entire company, that they are reliably implemented and the results tracked. The topics identified both in the stakeholder survey and within the company itself form the basis for our environmental strategy, which we call “resource excellence”. Proceeding from that strategy, we define environmental programmes and action points. An internal control system and a systematic review of our processes and targets round off the PDCA method.

PDCA method exemplified using resource excellence



Key areas in 2013

Resource Excellence:

decoupling growth from resource consumption

Business Partners:

sustainable value creation

Consumers and Products:

convincing with quality

Human Resources Policy:

opinions add value



Key areas in 2013

Resource Excellence

Decoupling growth from resource consumption

Environmental reporting, CFC phase-out, energy-efficient appliances – BSH has always been a pioneer in its industry in terms of environmental protection and lowering resource consumption. And we aspire to continue being a pioneer in future. We want to achieve our goal of “resource excellence” by decoupling BSH’s future growth from the consumption of resources. Going forward, our aim is to create even greater transparency so as to be in a better position to assess the ecological and economic impacts of what we do. Our system of climate reporting represents a first important step along this path.

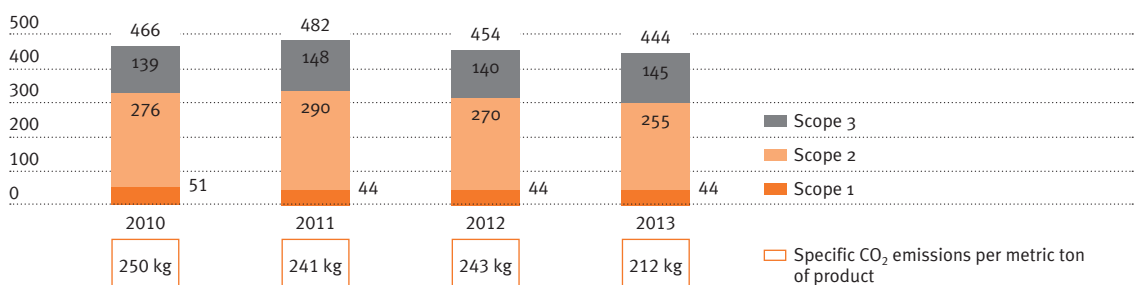
Keeping a step ahead

Environmental protection and resource conservation are an integral part of BSH’s corporate principles. As one of the world’s leading manufacturers of household appliances, we can make a big con-

tribution towards conserving resources and protecting the environment. Since the early 1990s, we have been documenting the progress we have made in the Sustainability Reports we publish once a year. We were a pioneer in our industry as early as 1993, when we ceased using CFCs in our refrigerators in Europe, and later also in China and Latin America. The Product Environmental Analysis (PEA) we developed (see p. 27) has to be applied whenever a product is developed. Our wide range of energy-efficient appliances are testimony to the responsibility we bear for protecting the climate and make a decisive contribution towards reducing electricity consumption in households.

BSH’s corporate carbon footprint

In thousands of metric tons



Since 2006, we have been disclosing our corporate carbon footprint in accordance with the Greenhouse Gas Protocol, an internationally recognised standard. We calculate our “specific CO₂ emissions per metric ton of product” on the basis our Scope 1 and 2 activities. Scope 3 activities currently comprise our shipments of finished products ex Germany, customer service trips worldwide and business travel. We plan to evolve our Scope 3 analysis over the next few years.

A systematic approach to resource excellence

In view of the growing burden on ecosystems and the increasing scarcity of important resources, our long-term goal is to decouple our growth from the consumption of resources. "Resource excellence" is the term we use to denote the sparing use of materials and energy along the entire value chain, i.e. not only in our production plants and logistics, but also in the utilisation phase of our products and in the redemption and recycling of old appliances. Just as important in this context are the responsible use of materials, the avoidance of critical substances in our appliances as well as improving the recyclability of those appliances and achieving closed-loop material cycles. Reducing the Group's carbon footprint constitutes another important contribution to climate protection.

Reducing CO₂ emissions even further

Since 2006, BSH has been recording its CO₂ emissions for the Group's operational activities in accordance with the Greenhouse Gas Protocol, an internationally accepted standard. We report on the following areas:

- Scope 1: oil and gas consumption of BSH locations
- Scope 2: electricity and district-heating consumption
- Scope 3: transportation of finished products, business travel and customer service trips

In 2013, BSH's carbon footprint (Scopes 1 and 2) amounted to 299,000 metric tons of CO₂, 4.8 percent lower than in 2012 (314,000 metric tons). Around 15 percent of this total comes from direct emissions linked to the oil and gas consumption of BSH locations (Scope 1). We achieved a 5.5-percent reduction in indirect emissions (Scope 2) in 2013, especially owing to the use of electricity from renewable sources in our Spanish factories and to a reduction in the absolute amount of electricity used at our production sites through the implementation of measures agreed on in the Resource Efficiency Project 2015.

Specific CO₂ emissions (Scopes 1 and 2) per metric ton of product are the key parameter in managing our climate-protection strategy. Compared with the previous year, we succeeded in reducing these emissions by 12.8 percent to 212 kg per metric ton of product. That means that a BSH appliance weighing 60 kg will generate an average of around 13 kg in CO₂ emissions (previous year: 15 kg).

A guideline for greater CO₂ transparency

The European Union has set itself the target of achieving an 80-percent reduction in greenhouse gas emissions by 2050, taking 1990 as a baseline. Up till now, however, companies in Germany had little in the way of guidelines and proposals telling them how they could make their specific contribution and implement efficiency measures. That is why, in 2013, BSH took part in a project led by the World Wide Fund For Nature (WWF) and the Carbon Disclosure Project (CDP) that elaborated a uniform methodology for climate reporting by early 2014. Guidelines have been prepared that provide companies with comprehensive assistance in identifying and calculating the relevant processes driving emissions, and making this information known in a clear and comprehensible manner. Further information at: www.klimareporting.de

In the light of these new findings, we will revise the way in which our corporate carbon footprint data is gathered and analysed in order to create an even better record of the ecological and economic effects of our business activities in their entirety and to portray them to our stakeholders in a comprehensible manner.

CO₂ emissions from transportation and travel

In the Scope 3 categories, we take account only of those emissions over which BSH has a direct influence. They include the transport of our finished products, customer service activities and business travel by our employees and sales staff. As a company with international operations, we ship huge volumes of goods to keep our trading partners and regional warehouses supplied. Owing to the major impact they have on our carbon footprint, we want to achieve a 20-percent reduction in CO₂ emissions linked to the transport of our goods by 2020, taking 2006 as a baseline (see also p. 30). In the year under review a total of 92,200 metric tons of CO₂ were emitted for all goods shipments between our warehouses and trading partners in Germany and for all deliveries to our regional warehouses worldwide.

CO₂ emissions from travel and customer service trips amounted to 53,000 metric tons in 2013. Air travel accounted for 23 percent of this figure, motor vehicles 76 percent and train travel one percent. Rental cars and leased cars are used for most business travel undertaken for customer service, sales and other business purposes. In Germany, customer service technicians use fuel-efficient vehicles.



Key areas in 2013

Business Partners

Sustainable value creation

For BSH, socially responsible action also means contributing to better working conditions and living standards worldwide. BSH set clear signals early on by joining the UN Global Compact in 2004 and becoming a signatory to the Code of Conduct of the European Committee of Domestic Equipment Manufacturers (CECED) in 2005. The idea behind the Social Compliance Programme for suppliers that we introduced in 2013 is to make sure that minimum standards for working conditions and environmental protection are met in upstream sections of our value chain as well.

The supply chain challenge

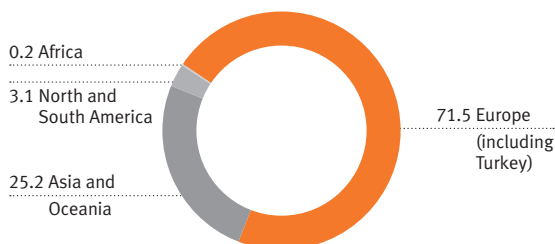
Customers expect providers of premium products like BSH to have business practices that are impeccable in ecological, economic and social terms. Sustainable supplier management is a prerequisite for that. At BSH, it is built on long-term partnerships with suppliers. They alone allow us to remain competitive as regards quality, delivery

dependability, innovation and costs. Our portfolio of suppliers is very broad and includes manufacturers of synthetic granules or steel, only very few of whom exist worldwide, and highly specialised producers of complex assemblies. What is more, the suppliers' particularly work-intensive processes – such as the production of plastic, rubber or metal parts – harbour major occupational health and safety risks for their workers. Compliance with environmental regulations is another area of special importance.

In the interests of a sustainable value chain, we design our business relationships in accordance with the rules of fair competition and use only suppliers who attach particular importance to their responsibility for environmental protection, human rights, and occupational health and safety.

Procurement of production material by regions*

In percent

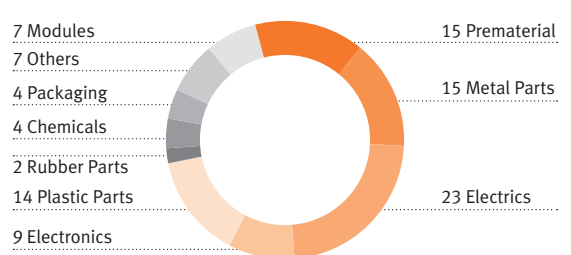


As at 31 December 2013

* Owing to changes in regional distribution, a direct comparison with the previous year is not possible.

Procurement volume by material group

In percent



As at 31 December 2013

The Group's "Procurement Governance" programme

The "Procurement Governance" programme launched by BSH in 2013 has created a framework for uniform and transparent procurement processes Group-wide. The result is a clear, seamless chain of responsibilities and reporting structures within the company and a system of compliance management to be applied when working together with business partners. The BSH Business Conduct Guidelines form the basis for this. They lay down binding Group-wide rules for responsible behaviour in dealings with customers and business partners and provide orientation in matters of competition and antitrust law, anti-corruption and the avoidance of conflicts of interests. The Group programme also integrates the Social Compliance Module – which was developed independently in 2012 – in the supply chain. Since 2013, a newly created team of specialists in the Corporate Procurement department have been responsible across all of BSH for implementing this module so as to ensure that fair working conditions can be guaranteed in the company's supply chain. In 2016 we want to have our procurement processes audited as being "safe and clean" by an independent third party.

Audited social compliance

The Social Compliance Programme demands that our suppliers acknowledge in writing the Code of Conduct for Suppliers of the BSH Group. In addition, they must provide evidence of successful completion of a social audit by an external auditor.

In 2013 we began to systematically audit all of our some 3,000 existing suppliers of production materials. We initially concentrated on 200 key suppliers with work-intensive or environmentally relevant production processes. The selection was based on a risk analysis of the various input materials and supply segments, by means of which we identified the relevant "hot spots" in relation to the ten principles of the Code of Conduct for Suppliers of the BSH Group.

The social audits are commissioned directly by the supplier in question and serve to verify that the principles enshrined in the BSH Code of Conduct are being complied with while taking into account local laws and circumstances. During the audit, the relevant production sites of the supplier are inspected and interviews conducted with site management. The employees customarily have an

Code of conduct for fair working conditions

BSH played a pivotal role in 2005 in drafting the code of conduct of CECED, the European Committee of Domestic Equipment Manufacturers. Taking into account local laws and regulations, the code makes reference to the ban on both forced labour and child labour, to anti-discrimination, the limitation of working hours, fair remuneration, occupational safety and workers' health, freedom of assembly, the right to collective wage bargaining and environmental awareness. These principles also underpin the Code of Conduct for Suppliers of BSH, which has formed part of every contract concluded with suppliers of production materials since 2007.

opportunity to express their opinions on working conditions, remuneration and whether or not their voice is heard in the company. BSH receives the results of the audit, including proposals for any corrective measures needed. The results are assigned to one of four categories – critical, major deviation, minor deviation, compliant. The steering committee of the Procurement Governance Programme receives quarterly reports on these results and on progress of the programme. A corresponding escalation process is in place for suppliers who receive a critical audit report.

On board from the start

The success of the Social Compliance Programme hinges upon getting the procurement officers responsible on board from the word go and providing them with professional support as well as making sure that the business partners involved are kept informed in a clear and comprehensive manner. To ensure that all those involved are kept up to date on the audit process and the ratings, the CR Team in Procurement has developed a manual for BSH procurement officers. In addition, employees are made aware of sustainability issues by means of a brochure as well as internal and external training courses. The Social Compliance Programme was also a topic at the annual meeting of BSH procurement officers and at the Suppliers Conference 2013 held in Nanjing, China.

In future, existing suppliers are to be audited at regular intervals. Our focus in 2014 will fall on obtaining social audits from manufacturers of electrical and electronic components in China and Turkey.



Key areas in 2013

Consumers and Products

Convincing with quality

Our products meet the economic, ecological and social requirements of our customers and other stakeholders. The quality, reliability, long product life and ease of repair of our appliances are a guarantee of high consumer benefit. Just how serious we are about protecting consumers' interests and providing them with transparent information was shown in the worldwide safety information campaign for dishwashers that we launched in the year under review.

Several stages of quality assurance

Household appliances are consumer durables, with large appliances having an average initial useful life of 13 years. The product lifecycle is actually often much longer, as some fully functional appliances are often in use beyond that average useful life. We make sure our products have long lifecycles by gearing our product development to quality, ensuring reliability in use, guaranteeing the availability of spare parts over long periods and providing professional customer service. Right from the development phase, we focus on ensuring that our appliances can cope with the hardest wear and tear, and that our customers can derive

benefit from them for a long time. During production, appliances are selected at random and put through a demanding lifecycle test. If an appliance ever does need to be repaired, it is generally designed in such a way that repairs can be carried out in the simplest and most economical way possible.

Customer service – the brand promise in action

The quality we aspire to does not end when the appliance leaves the factory gate, but covers the entire life of the product. Our customer service provides consumers with comprehensive professional pre- and post-sales advice around the clock. Across the globe, some 7,000 BSH customer service employees and selected service partners make sure that our customers receive fast, knowledgeable support. In this context, we are increasingly focusing on the possibilities opened up by digital communication platforms. In 2013, BSH handled around 450,000 consultations over the phone or online – some even in the pre-sales phase. Our service specialists receive at least seven days of training every year, not only to acquaint them with the latest technologies, but also to hone their professional service skills. For the sixth year in a row, our customer service team in Poland was chosen as winner in the white goods category in an independent survey of consumers.

BSH Customer Service in Germany 2013 – facts and figures

- More than 20,000 service calls avoided through consultation over the phone or online
- Number of cases solved on first visit to customer: 85 %

Avoid – reduce – prolong

In the interests of our customers, we want to reduce time- and cost-intensive customer service calls. Our goal is to carry out repairs on site only when they are really necessary. Remote diagnos-

In climate chambers and in labs designed to test the appliances' noise levels and washing capabilities, BSH checks whether its products meet the highest quality standards. In doing so, the company goes far beyond legal requirements and customary standards.



tics – either over the phone or online – enable us to advise our customers so that they can help themselves. If a visit from service technician is nevertheless required, it is important that an appointment can be organised quickly and easily. Our objective is to rectify the problem on the very first visit, and in 2013 we succeeded in doing just that with 85 percent of service calls in Germany. But our service extends even further: in principle we stock functionally relevant spare parts for at least ten years and, thanks to our finely meshed logistics network, can generally deliver them within 48 hours when needed. Organisation like this benefits the environment, too. What is more, careful route planning, a dense network of technicians, the efficient provision of spare parts and the high percentage of cases solved first go mean that the carbon footprint of our customer service team is getting better and better all the time. In 2013, the number of kilometres driven per service call fell by 5 percent to 19 compared with 2012.

Customer safety – our top priority

BSH demonstrated just how serious it is about protecting consumers' interests and having a transparent information policy when it launched the biggest voluntary product safety action in the company's history last year. The purpose of this cost- and time-intensive campaign was to ensure that, even after years of service, our products still meet our high demands in terms of quality.

The trigger for the campaign was a defective electronic component in the control panel of a number of dishwashers produced between 1999 and 2005. Potentially about five million nine- to 15-year-old appliances of various brands were affected worldwide. Even though the defect could result in a fire risk only in very rare cases, we launched a broad information campaign at the end of August 2013 in over 80 countries so as to reach as many customers as possible worldwide. The campaign comprised advertisements in national and regional newspapers as well as radio

reports and press information. What is more, we also made use of our brands' social media platforms on Facebook and Twitter. Where the appliance data and consumers addresses were available, we also wrote to the consumers directly.

By means of the model, lot and serial numbers, the consumers can determine whether their appliances are affected and register themselves with BSH. To make sure the consumers had no trouble contacting us, we quickly established our own international infrastructure consisting not only of a website (www.dishcareaction.com) and call centres staffed with local-language employees, but also service technicians specifically trained for the task. We repair the appliances of the affected consumers free of charge by installing an additional component in their electronics systems. Around 500,000 consumers had registered with us by the end of April 2014. Some 80 percent of them opted for gratis repair of their appliances, while the remainder decided to make use of the special discount on offer to purchase a new appliance. In the interests of successful implementation, we have been cooperating closely with the relevant local authorities right from the outset of the campaign.

IMPORTANT SAFETY NOTICE

POTENTIAL FIRE HAZARD

WITH DISHWASHERS FROM:

Check if your dishwasher is affected!
Only dishwashers manufactured between 1999 and 2005 are affected.
To identify if you are the owner of one of the affected dishwashers, please do the following:

- 1** Check the brand plus the model number, batch number and serial number which can be found inside the dishwasher door panel (see picture to the right).
- 2** Visit us at: www.repairaction.co.uk to check if your model is affected or contact our toll-free number XXXXXXXXXX for further information and assistance on the options available to you.

Please note: As a precautionary measure we recommend that affected appliances should only be used under supervision i.e. when someone is home to supervise its use. Affected appliances should particularly not be operated at night time when you are asleep.

We deeply regret any inconvenience this may cause you, and thank you in advance for your cooperation. If you are having difficulty identifying if your dishwasher is affected or have any questions, please contact us using the website or toll-free number.

www.repairaction.co.uk **freephone XXXXXXXXXX**

“I would rather lose money than trust” – this maxim of Robert Bosch is still being practised by BSH, for example in the voluntary product safety action for dishwashers the company launched in 2013. For example, we inform consumers of risks by placing ads in regional and national newspapers.



Key areas in 2013

Human Resources Policy

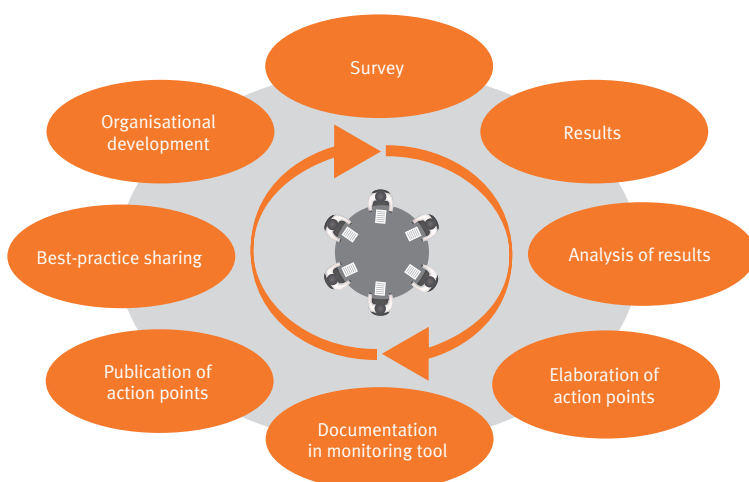
Opinions add value

Every one of our 50,000 employees has something to say about BSH – and their opinions are important to us. After all, in a company with global reach, and with development and production networks spanning different countries, collaboration is the key to success. 2013 was the first year in which we carried out a simultaneous BSH-wide survey of employees in 47 countries. The response rate was very gratifying, with 88 percent of our workforce taking part in the international survey. They trust this tool and know that they can use it to make a difference in the company. For BSH, the employee survey has always been a strategic instrument for the ongoing development of our organisation and our human resources.

Employee satisfaction underpins our success

All over the world, the battle to recruit the most suitable employees is getting considerably tougher. BSH's attractiveness as an employer is a key factor in its long-term success. We ensure that success by listening to what our employees have to say and measuring their satisfaction, but above all by finding out where action needs to be taken and constantly striving to do even better. Back in the 1990s, we introduced a regular anonymous employee survey – initially in Germany, but later gradually extended to other countries in which we operate. The survey is now carried out worldwide in line with an international standard. In autumn 2013, it was conducted for the first time simultaneously at all BSH locations. The global response rate in 2013 was quite impressive, with 88 percent of our workforce filling in the questionnaire. That is not only the highest percentage of respondents thus far, but also a stand-out figure when compared with the surveys carried out by other companies. For us, this high response rate is a signal of our employees' trust – in BSH, in this effective survey instrument and in our promise to take their feedback seriously. The international employee survey is carried out every two years.

The employee survey – a strategic organisational development tool



Tailored questions

Since the introduction of the BSH employee survey, we have constantly worked to improve the quality and effectiveness of this strategic organisational development tool. We were not content with a standard questionnaire. The questions in each topic block – whether on strategy, organisa-

tion and processes, corporate culture, leadership, incentives or teamwork – are precisely tailored to our company and are regularly supplemented to reflect current trends and issues. First and foremost, we want to find out what our employees think of the company. For instance, in the year under review, 93 percent of employees in Germany said they identified strongly with BSH. Here, in 11 out of a total of 14 topic blocks, the assessments given were as positive as in the 2011 survey or even better. The questionnaire, which is the same in every country, could be filled in either online or on paper and, in its latest version, comprised 70 questions. It was translated into 39 languages. The individual subsidiaries also had the option of adding location-specific questions. We also posed targeted questions on aspects of sustainability, for example on environmentally friendly behaviour in the company, on our social commitment and on diversity. Thus, our employee survey also serves as a feedback tool on how sustainability is perceived in the company.

Results that add value

Value creation starts on the very first day of the survey. Using the answers provided, we systematically set about elaborating action points. The precise evaluation and targeted communication of the results are decisive for whether things that are positive remain so or get even better, but also for whether areas are found in which action needs to be taken and whether suggestions for improvement are properly implemented. The monitoring tool – which was initially launched in Germany in 2009 and has since been rolled out BSH-wide – offers us a large number of useful options in this regard. In a top-down approach, the results of the employee survey are first made known to the Group's Board of Management and Group Works Council, to the managing directors of the subsidiaries and to all BSH managers. Every manager discusses the survey results with his/her employees.

The report on the survey results also contains a portfolio of options for those areas in which action is needed most. We expect our managers to discuss, specify and implement potential improvements derived from the results together with their employees.

Over 4,000 action points

Our monitoring tool is a valuable database for sharing experiences. Every manager can use this platform to share any improvements he/she

BSH Employee Survey 2013 – key findings for Germany

- 88 % of employees would recommend a job at BSH to their friends.
- 95 % of employees understand the concept of compliance and know what behaviour is expected of them.
- 84 % confirm that breaches of prevailing rules and values are not permitted in their work area.
- Over 90 % of those surveyed consider BSH to be an environmentally friendly company.

enters in the system with all other managers so that individual initiatives can be shared BSH-wide. The system also enables managers to follow up on any action taken since they are required to enter the status of implementation in a four-stage process. As a consequence of previous employee surveys, employees from around the world entered more than 4,000 action points in the monitoring system.

Best practice for all to see

With a view to sharing our experiences, we use the monitoring tool to grant employees around the world access to the action points implemented by individual

departments in response to the results of the BSH employee survey. The main areas for action are improvements in communication, in workplace design and in leadership behaviour. Aspects that have often been taken up and implemented worldwide include:

- Enhanced transparency through regular communication of divisional and departmental goals at all levels
- Binding goal agreements with employees
- Feedback for Managers (to date, this has been introduced in ten BSH subsidiaries)
- Expansion of training and development portfolio and improvement in the workplace learning environment





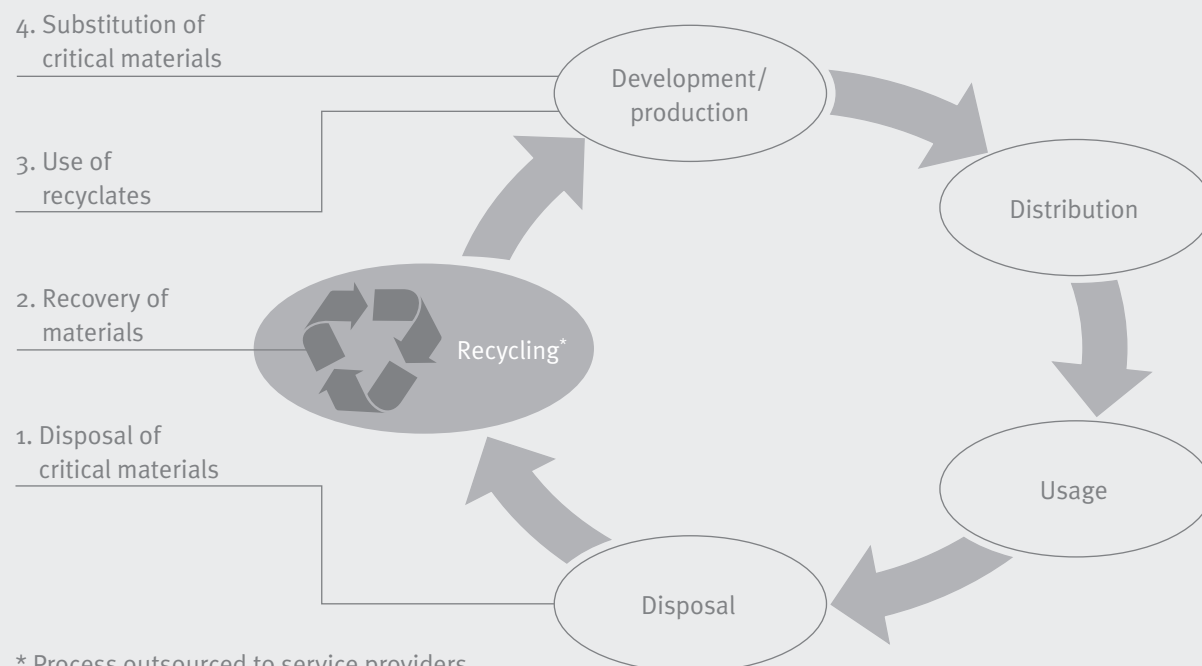
Can more be
achieved with
less?



Our goal: closed-loop material cycles

In the course of its resource excellence strategy, BSH is working on a closed-loop approach to material cycles. This begins with environmentally friendly product development (Design for Environment). For us, this means continuously assessing the use of critical materials and replacing them if necessary. In addition, pilot projects held in our development and production processes pave the way to using secondary raw materials, i.e. materials that have been recycled.

Lifecycle analysis: closed-loop for material cycles



Can more be
achieved with
less?

Status in 2013

509 million euros earnings before tax

2,951 new employees

334 million euros for research and development

4.8 % lower CO₂ emissions

1.6 % less water used

Status in 2013

Financial

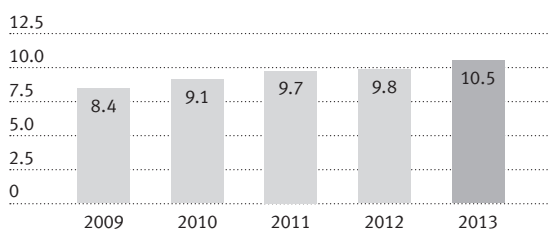
Our commercial activity is geared towards profitable growth and a sustained increase in value. In 2013, we generated our highest consolidated sales revenue to date – over 10 billion euros. This gives us the freedom of action to shape our future.

Sales trend

All in all, the trend in the global market for large household appliances was positive in 2013 but there were some clear regional differences. Whereas Germany showed solid growth year on year and the USA and China grew above average, demand in Southern Europe, in particular, remained weak. BSH benefited from positive developments in individual markets – disproportionately in some cases. The Group posted sales of 10.5 billion euros (79.3 percent thereof from outside Germany) – up 7.2 percent year on year.

Sales trend

In billions of euros

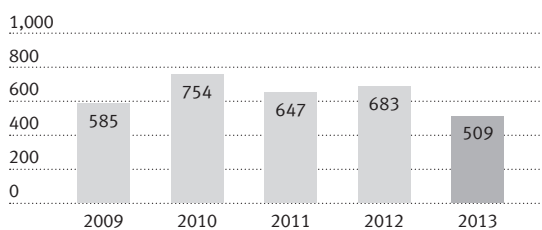


Earnings, taxes and subsidies

In the year under review, earnings before interest and taxes (EBIT) came to 509 million euros (2012: 683 million euros), which is 4.8 percent of consolidated sales revenue (2012: 7.0 percent). The 2013 tax rate for the Group as a whole was 29.6 percent (2012: 24.5 percent). The Group's total income tax expense amounted to 130 million euros, of which 64 percent is attributable to Western Europe, 17 percent to Eastern Europe and 19 percent to America and Asia. For development purposes, for instance, BSH received almost 6.2 million euros in government subsidies worldwide in 2013.

EBIT

In millions of euros

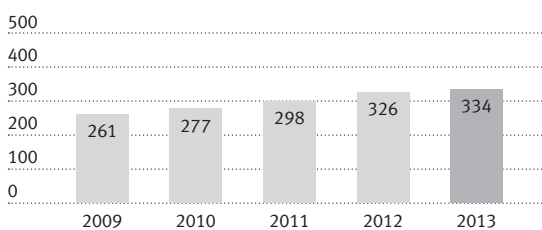


Research and development

In 2013, we invested 334 million euros in research and development (R&D). That is 2.4 percent more than in the previous year. With R&D expenses making up 3.2 percent of sales, we are well positioned in international competition. Worldwide, the number of employees in R&D increased by 4.7 percent to 3,140. Of this number, 1,745 worked in Germany. To uphold our leadership in technology and innovation, we added extra methods to the BSH development system and improved the protection of our intellectual property in technologically important and market-relevant areas, among other things.

Research and development expenses

In millions of euros (excluding investments)



Status in 2013

Environmental

Long product lives, good recycling rates for materials used and avoidance of hazardous substances are ecological issues that are gaining in importance both in public discussions and in consumers' decisions to buy. BSH is meeting these challenges by using resources responsibly and sparingly in its products and processes. Our resource excellence approach ranges from lifecycle analysis of our appliances to improvement of environmental protection in operations.

Design for Environment

With our Design for Environment (DfE) approach, we reduce the ecological impact of our appliances over their entire lifecycle by already taking environmental aspects into account in the design and manufacturing stages. Our development engineers look beyond energy efficiency and include factors such as product life, serviceability, use of secondary raw materials and design for recycling. Our goal is to raise material efficiency and use closed-loop material cycles. The Design for Environment working group is responsible throughout the Group for the implementation and enhancement of everything to do with product-related environmental protection.

We have been using our self-developed Product Environment Analysis (PEA) since the end of the 1990s in the development of new appliance generations to improve their environmental aspects over previous models. With the aid of a lifecycle assessment (LCA), we identify the ecological impact in the individual phases of the product lifecycle such as manufacturing, use, transport and disposal. For example, we evaluated our latest series of induction units for stoves by means of a comprehensive LCA in a joint project with the University of Zaragoza in Spain. We also worked out a simpler way for product designers to use LCA in the development of new hobs.

Environmental management and certifications

Since the beginning of 2013, 40 BSH factories have been certified according to ISO 14001, the international standard for environmental management systems. Every BSH site has its own environmental protection officer and occupational health and safety expert, who report to the Environmental Protection and Occupational Safety department at Group headquarters. This department draws up mandatory corporate guidelines and conducts internal audits to monitor their compliance.

In 2013, three BSH production sites in Germany were certified according to ISO 50001, the standard for energy management systems. The factories of Zelmer, the Polish household appliance manufacturer that BSH took over in 2013, will be integrated in BSH's environmental management system in 2014.

Disposal and recycling

As the largest home appliance manufacturer in Europe, BSH is a member of over 20 national take-back schemes. We take our responsibility very seriously. For example in 2008, we set up a certified quality assurance system to inspect the process of recycling fridges adopted by our disposal service providers in Germany. Due to the positive experience we had, we are involved with the European Committee for Electrotechnical Standardization (CENELEC) with a view to setting up a uniform audit system for recycling quality throughout Europe.

In 2012, new European legislation was introduced for taking back and recycling electric home appliances in the EU. Member states can now set minimum quality standards for how electrical and electronic equipment waste is handled. In transposing the Directive into national legislation in the member states, BSH remains committed to ensuring that these future standards are mandatorily incorporated into the respective national legislation so that standard Europe-wide quality requirements are guaranteed for taking back and recycling waste equipment.

Group project “Resource Efficiency 2015”

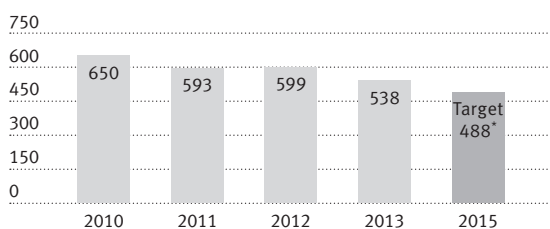
As a member of the “Climate Protection Company” (“Klimaschutz-Unternehmen”) initiative, BSH voluntarily committed itself in 2012 to measurable and ambitious climate protection and energy efficiency targets. Together with 22 other companies, we form a Germany-wide and cross-sector excellence network. We demonstrate this commitment externally with concrete targets and measures: by 2015, the Group project “Resource Efficiency 2015” aims to reduce specific energy consumption/water usage at our production and administrative sites by 25 percent compared with 2010. The specific volume of waste is due to be reduced by 10 percent over the same period. In the course of this Group project, internal and external specialists have drawn up guides for resource- and energy-intensive mechanical processes such as injection moulding of plastics, enamelling and pressing. There are also other technical guides, including for in-plant conveyors, ventilation systems and lighting systems.

These measures enabled BSH to reduce its consumption and waste levels in 2013 compared with the previous year. Total energy consumption fell by 2.2 percent, water usage by 1.6 percent and total waste volume by 1.8 percent. (Compare the input/output balance sheet on page 29) These absolute savings coupled with an increase in production volumes made it possible to improve specific energy consumption/water usage per metric ton of product even more.

Savings in electricity consumption, in particular, allowed BSH to reduce specific energy consumption by 10.2 percent to 538 kilowatt hours (kWh) per metric ton of product. This is significantly better than the target figure for 2013 of 553 kWh per metric ton of product.

Energy consumption

In kWh per metric ton of product

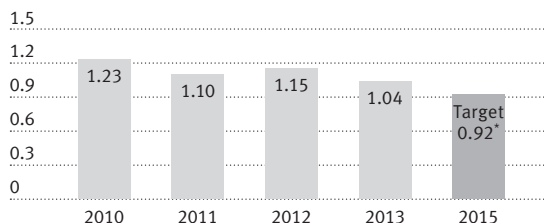


* 25 percent reduction in specific energy consumption from 2010 to 2015

Specific water usage was down 9.6 percent year on year to 1.04 m³ per metric ton of product, meaning that we reached our target for 2013.

Water usage

In m³ per metric ton of product

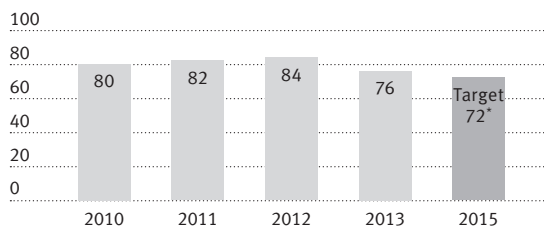


* 25 percent reduction in specific water consumption from 2010 to 2015

We managed to reduce the specific volume of waste by 9.9 percent year on year to 76 kg per metric ton of product. This means that we reached our target for the year under review.

Waste

In kg per metric ton of product



* 10 percent reduction in specific waste volume from 2010 to 2015

Environmental protection in operations

The wastewater from BSH's production processes at our factories undergoes physico-chemical pretreatment. 20 percent of the total wastewater volume was discharged directly into surface watercourses in purified form, while the larger proportion of 80 percent was sent to public treatment plants.

Separate collection of paper and cardboard, plastics and films, glass, wood and metal waste is standard practice in all factories. At 93 percent, the proportion of total waste that could be recycled was again high in 2013. Hazardous waste decreased slightly to 1.2 percent of the total waste volume.

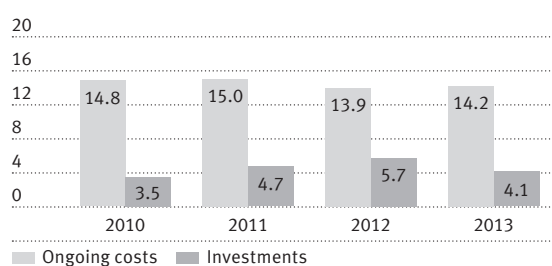
Emissions of volatile organic compounds (VOCs) are low because powder or aqueous coatings are mostly used for metal sheets at our factories. VOC emissions rose to 99 metric tons in 2013 (2012: 77 metric tons). In view of the predominant use of low-sulphur gas and heating oil, sulphur dioxide emissions are not reported separately. Emissions of nitrous oxides can be influenced by heating technology and, at 32 metric tons, were extremely low in 2013 due to the use of optimised furnaces. Production-related emissions of CO₂ at our production sites (Scope 1) came to 44,000 metric tons in 2013 (a detailed report is given on page 16 in the “Key areas” chapter).

Expenditure for environmental protection in operations

Ongoing expenditure for environmental protection in operations comprises operating expenses, capital costs, personnel expenses and charges. In 2013, it rose throughout the Group by 2.2 percent to 14.2 million euros. Most of this was spent on waste management (38 percent) and soil and water protection (30 percent), while the costs of air purification, climate protection and noise abatement amounted to 14.5 percent. Investments relating to environmental protection dropped by 28 percent to a total of 4.1 million euros in 2013. Water and soil protection, air purification and climate protection projects accounted for the major share of 84 percent.

Environmental costs and investments

In millions of euros



Input-output balance sheet

The input-output balance sheet shows all environmentally relevant material and energy flows at the Group's headquarters, development sites and factory sites at which BSH manufactured products in the year under review (as at 31 December 2013). The data is recorded in accordance with the guidelines for environmental assessment set out in international standard ISO 14031.

Input flows		2011	2012	2013	Unit
A	Fixed assets				
A.1	Land	4,507,297	4,278,568	4,277,260	m ²
A.1.1	Developed	2,083,330	2,096,897	2,042,029	m ²
A.1.2	Undeveloped	2,423,967	2,181,671	2,235,231	m ²
A.2	Percentage developed	46	49	48	%
B	Current assets (without outsourced items)				
B.1	Raw materials*	817,642	756,644	785,280	t
B.2	Auxiliary materials**	15,981	13,681	28,981	t
B.3	Process materials***	2,828	5,589	1,959	t
B.4	Energy	824,148	774,816	757,777	MWh
B.4.1	Electrical energy	463,601	450,465	422,824	MWh
B.4.2	Light heating oil	481	2,887	405	MWh
B.4.3	Gas	248,915	239,178	240,591	MWh
B.4.4	Others (district heating, biomass, etc.)	111,151	82,286	93,957	MWh
B.5	Water	1,527,665	1,489,619	1,466,009	m ³
B.5.1	From public supply	1,002,760	973,870	1,003,788	m ³
B.5.2	From own supply****	524,905	515,749	462,221	m ³
Output flows					
C	Products				
C.1	Products (number)	48,182	47,018	54,313	Thousands of items
C.2	Products (metric tons)	1,390,132	1,294,326	1,407,776	t
C.3	Packaging	89,053	85,531	91,786	t
D	Waste	114,046	108,464	106,515	t
D.1	Waste for disposal	8,534	7,819	7,317	t
D.1.1	Of which hazardous waste	2,012	1,721	1,315	t
D.2	Waste for recycling	105,512	100,645	99,198	t
D.3	Percentage recycled	93	93	93	%
E	Wastewater	1,344,615	1,186,203	1,164,255	m ³
E.1	Directly discharged	354,057	179,324	229,272	m ³
E.2	Indirectly discharged	990,558	1,006,879	934,983	m ³
E.3	Treated in neutralisation plants	474,738	495,956	190,805	m ³
F	Emissions				
F.1	Volatile organic compounds (VOCs)	68	77	99	t
F.2	Nitrous oxides	38	31	32	t
F.3	Carbon dioxide (Scope 1)	44,252	44,225	43,731	t

* Metals, plastic granulates ** Paints, enamels (2012 figure has been corrected)

*** Oils, emulsions, solvents, acids, caustic solutions **** from own wells

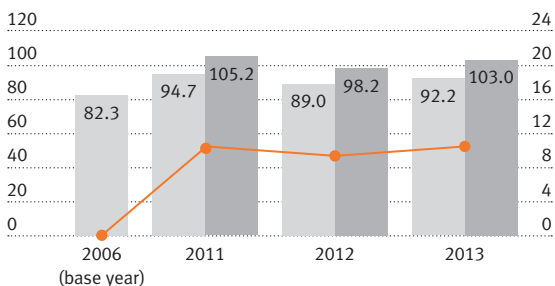
Logistics

BSH has set itself the ambitious target of reducing CO₂ emissions from goods transport activities by 2020 by 20 percent compared with the base year 2006. Our method of comparison shows CO₂ reductions, taking into account the impact of changes to storage and transport route structures and volume. We have been using the European standard EN 16258 as the basis for calculation since 2006. The Scope 3 analysis currently covers the transport of finished appliances from our German storage sites to our recipients throughout the world.

BSH transported a slightly greater volume in 2013 than in 2012. Due to shifts in the transport methods and routes as well as a higher proportion of direct deliveries to customers, however, this did not lead to an increase in CO₂ emissions. Total CO₂ emissions rose to 92,241 metric tons in 2013, largely due to a greater proportion of air transport to China. Compared with the base year 2006, we were able to increase our CO₂ savings to 10.4 percent (2012: 9.3 percent), i.e. about one percent over 2012.

CO₂ emissions – transport of finished appliances

In thousands of metric tons Savings in percent



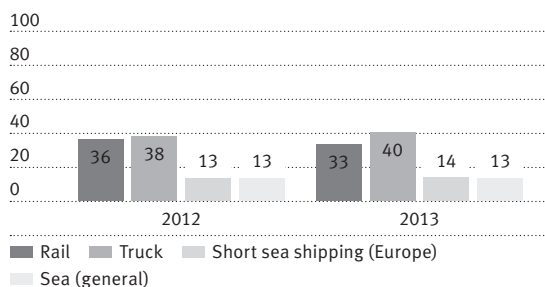
■ CO₂ emissions – absolute
■ CO₂ emissions without savings according to comparative calculation (base year 2006)
— CO₂ savings in percent vs. base year 2006

As a consequence of the 2008 economic crisis in conjunction with excess ship capacities, the speeds of shipping line services have been cut, thus reducing fuel consumption considerably in sea shipping.

We will not be including the resultant savings of CO₂ emissions in our data until EN 16258, on which our calculations are based, has been adjusted. Alongside the transport of finished appliances, we have been coordinating the supply of production materials to our plants in Europe since 2009. This makes it possible to pair up volume flows of production materials and finished appliances. These transports are realised by means of block train concepts which bring considerable CO₂ savings compared with the trucks that were formerly used.

Export transport volume

As a percentage of the total transport volume (from Germany)

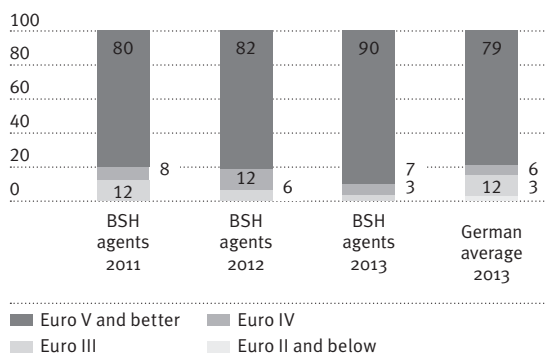


Vehicle fleets

As in previous years, the trucks in the vehicle fleets of BSH's agents are better than the Germany-wide average when it comes to noise levels and harmful substance emissions. In 2013, the proportion of vehicles complying with Euro V or better rose to 90 percent – 11 percent above the average in Germany.

Vehicles meeting Euro II to V

As a percentage of the trucks in operation



Status in 2013

Consumer interests

We make every effort to ensure that dealers and consumers around the world experience us as a competent, dependable and fair partner. We have anchored this policy in our Corporate Principles. It applies to our methods of informing consumers, which we do transparently, openly and reliably. We are increasingly turning to social media for the dialogue with our customers.

Social media

Using platforms such as Facebook, Twitter and YouTube, we give our customers the opportunity to interact directly with our brands. Our social media strategy aims to create added value for customers and companies via these channels. BSH has now set up a network of people with responsibility for coordinating all social media activities throughout the Group. This network guarantees a fast response to our customers' requests and makes it possible to directly analyse customer satisfaction with our products and services.

We assess suggestions for improvement and criticisms of our products and make this important information available to the product areas, quality management and our sales companies.

Customer ratings

Before buying home appliances, 73 percent of consumers in Europe obtain information from the Internet. In about 18 percent of cases, the appliances are also bought online. Consumers get a picture of our range, quality and prices from blogs, customer ratings and recommendations. After personal advice, positive customer ratings are the second best recommendation. BSH's brands have an active presence in consumers' buying processes, with constant availability of the latest data about products, accessories and services. Consumers appreciate this: 48 percent of those interested in a new household appliance visit our brands' websites before buying one. On top of that, we conduct a structured analysis of our customers' online feedback in ten countries, devise recommendations for action from this information and react accordingly.

Data security/privacy

We take data protection seriously. The digital application myBosch enables customers to find and store all relevant data for their home appliances via the brand website or as an app. No more time-consuming searching for operating instructions, self-help tips or service records. We treat the personal customer data that this requires confidentially and do not pass it on. We only send further information to customers if we have received their explicit consent. In future, there will be digital networking and automatic control of household appliances and that is a particular security challenge. We are already tackling these new requirements in our research and development work.

Professional and rapid help

Our customer service is often the first point of call for customer requests. Whether they are looking for product information or tips for self-help or enquiring about spare parts or a specific repair case, our customers will generally receive a professional reply within 48 hours. We make sure that we can deal with difficult problems even on weekends without delay.

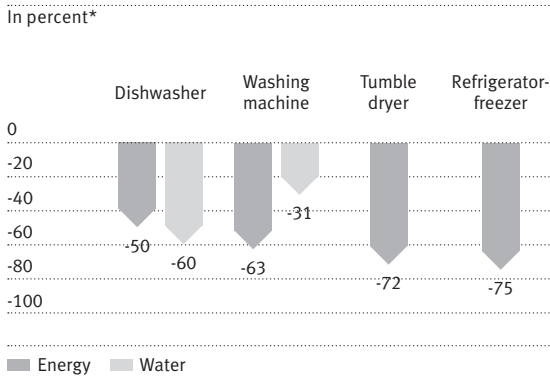
In addition, our brands also provide self-help videos at their websites to solve minor problems – such as replacing the interior light of an oven. In 2013, we increased the number of available videos due to the rising demand for them. Customers can also arrange visits by technicians and find out about accessories over the Internet around the clock seven days a week. The digital tool myBosch combines 24-hour reachability, constant availability of all product information and bargain offers in one application.

Resource-efficient products

As an innovation leader in our sector, BSH continued to set standards in 2013 when it comes to energy efficiency. We are the company with the largest A+++ assortment in all of Europe. With these appliances belonging to the best efficiency class of the EU energy label, our customers can both save costs and contribute to climate protection. Our goal in product development is to keep improving the efficiency of our appliances throughout their lives.

The consumption values for our appliances have fallen significantly over the past 15 years thanks to a consistent innovation strategy. For example, our latest-generation, super-efficient tumble dryer consumes 72 percent less electricity than a 15-year-old model, and our latest refrigerators even require 75 percent less electricity. At IFA 2013, the leading global trade show for consumer electronics and home appliances, we presented, among other things, a washing machine that is another 50 percent beneath the limit for energy efficiency class A+++. We have managed to reduce the water usage of our most economical dishwasher by 60 percent compared with 1998.

Reduction in resource consumption, 1998 to 2013



* Comparison of the consumption values for our best 2013 models (Bosch and Siemens) and comparable 1998 models (Bosch and Siemens) – based on a standard programme

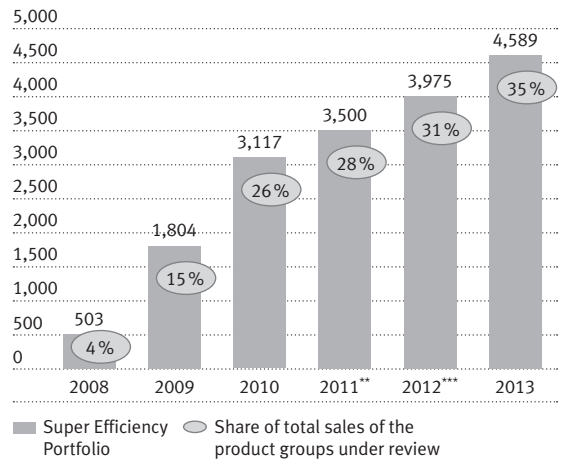
Super Efficiency Portfolio

For the sixth time in a row, BSH has grouped its most energy-efficient appliances together in one Super Efficiency Portfolio. Only those products on the market that have the best energy efficiency according to EU energy consumption labelling count as super-efficient. For this, the best energy efficiency class for each category available on the market is considered, with the next best class also included where appropriate. This is only the case if the structural market share of the best energy efficiency classes does not exceed 15 percent.

We thus raise the benchmark each year with our Super Efficiency Portfolio. For this portfolio, BSH receives a certificate from auditors every year. This segment's share of sales has risen continuously since 2008. In 2013, we sold a total of 4.6 million super-efficient appliances in Europe, corresponding to 35 percent of our total sales. As a result, we have already reached our target for 2015.

Sales of our super-efficient appliances

Sales in the countries under review in thousands of units*



* EU-28, Norway, Switzerland (incl. Turkey since 2012)

Limited comparability:

** with 2010 due to more stringent selection criteria (new EU energy label in 2010)

*** due to inclusion of the "electric ovens" product category and Turkey in the analysis from 2012

Status in 2013

Employees

BSH's HR policy counters growth, internationalisation and the increasing lack of specialists with a mix of global talent management, varied qualification and personnel development programmes and strategic diversity and health management. On top of that, we strengthen our position as an attractive employer with consistent employer branding. The standards developed on the Corporate level are being used increasingly at our subsidiaries around the world.

Employment and employee structure

As of 31 December 2013, the Group's total global headcount, including apprentices and trainees, stood at 49,876 (2012: 46,925). That is 6.3 percent more than in the previous year. All in all, Germany accounted for 15,158 employees (2012: 14,642) and other countries for 34,718 employees (2012: 32,283). Thanks to our successful human resources policy and our commitment to social responsibility, we again managed to maintain or even increase employment levels in locations with high wages in 2013. We not only created jobs in various functions in Germany but also in other countries – especially in China, Turkey and Spain. In contrast, our headcount declined slightly in Greece, Thailand and Slovakia. Total personnel expenses amounted to 2.195 billion euros.

The average age of our workforce around the world rose slightly to 38.6 years in 2013. The average period of employment increased somewhat to 10.7 years compared with the previous year. At around 16 years, the figure is particularly high in Germany. The European average has gone up slightly to 12.6 years. The proportion of severely disabled people employed at BSH's German locations stood at 5.1 percent, thus slightly higher than the legal minimum of 5 percent.

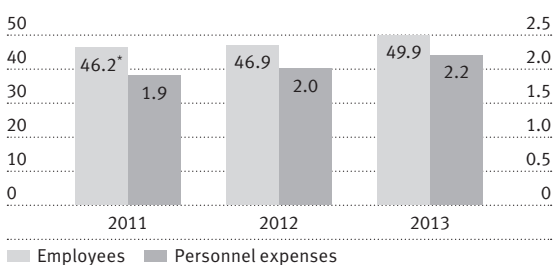
Talent management

The development of employees is a core task for BSH's managers. Supported by HR processes and tools that are uniform throughout the world, they identify employees with the potential for professional development in line with BSH's requirements. Local HR departments assist our managers intensively through a variety of communication and training activities. To keep a global perspective and develop human resources in line with BSH's needs, the responsible HR employees hold intensive discussions every year about the goals, structuring and content of personnel development.

The essential starting point for talent management is a well-established targeted employee dialogue each year in which career perspectives and qualification requirements are discussed. For talents with the potential for an international career, these details are flagged in our HR system and can be used by all HR departments around the world to fill vacancies optimally. These talents with international potential also join programmes to foster them, namely the Junior Executive Pool (JEP) and the International Executive Pool (IEP). In 2013, our efforts focused on aligning these programmes better with BSH's international and strategic direction.

Employees and personnel expenses

Employees in thousands Personnel expenses in billions of euros



* Number of employees adjusted in line with a change in the HR policy

45 percent of JEP members and 41 percent of IEP members came from BSH's international companies in 2013. 616 young professionals belonged to the JEP, with women making up 30 percent of that figure. 91 professionals were part of the IEP, of whom 23 percent were female. The Senior Executive Programme (SEP) for members of senior management had 28 participants, of whom 54 percent came from international subsidiaries and 14 percent were female. The content of the individual programmes was adjusted once again in 2013 in order to attach greater importance to value-oriented management in an international context, as well as strategic and entrepreneurial skills and diversity.

The Project Management career path has now been established in eight countries to promote the build-up of experienced and qualified Project Managers. This covers product and factory projects as well as projects involving IT. For employees with strategic expertise of specific importance for BSH, we have set up a Development Perspective for Experts. For this, Expert positions were defined in a global process in 2013. This development perspective will be implemented in operations during 2014.

BSH was also successful when it came to international staff transfers. In 2013, 326 employees were working as expatriates after being transferred abroad. While the number of employees transferred to and from Germany remained almost constant, the number of employees transferred between subsidiaries outside Germany jumped by 16 percent in 2013. The introduction of professional support for spouses accompanying expatriates and financial support provided for the care of young children abroad were welcomed by those involved.

At the beginning of 2014, BSH was rated for the eighth time in a row as a “Top Employer Germany” by the independent Top Employers Institute, especially for our very high standards in HR management and our outstanding working conditions. In the “Top Employer for Engineers” category, we were rated number one in the overall ranking for the second time among all companies participating in Germany. Our subsidiaries in Belgium, the Netherlands, Poland, Spain and Turkey were also ranked as “Top Employer” on the local level. As a result of this, BSH also won the “Top Employer Europe” award.

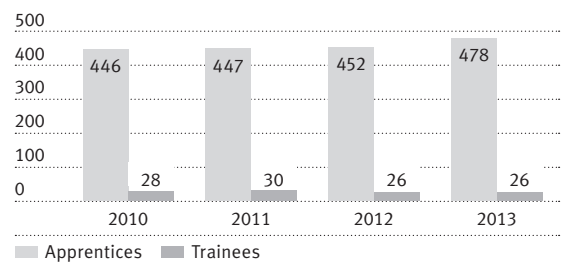
Apprenticeships and training

Throughout the world, BSH trained 829 young people in 2013 (2012: 812). In Germany, 478 apprentices learned 17 different technical and commercial professions in the dual system of on-the-job training and part-time vocational school or studied at a cooperative university. BSH’s young people can also acquire official vocational qualifications locally in China, Turkey, Slovakia and Spain. A total of 26 participants completed BSH’s International Trainee Program, of whom 16 came from Germany and 10 from our subsidiaries abroad.

In 2013, we intensified our collaboration with universities by almost doubling the number of Germany Scholarships to 15. For members of students@BSH, a student loyalty programme, we held events such as Student Day at one production site as well as training in communication. To encourage young girls to take up technical professions, some BSH locations take part in the annual Girls’ Day.

Apprentices and trainees*

Number



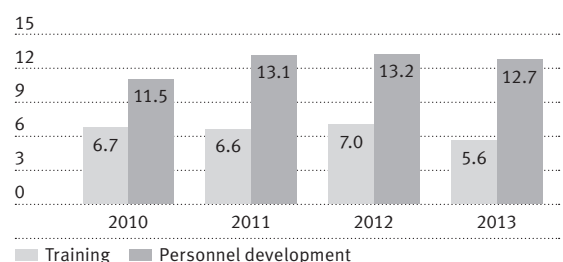
* Germany only

Qualification programmes for specific target groups

The content of the courses at the BSH Academy is aligned with our business strategy and is becoming increasingly international. We define standards for qualification and learning at BSH on the basis of a Corporate Learning Landscape. Tailored to local needs, these are then implemented at all locations around the world via seven regional BSH Academies. For example, our BSH Leadership Qualification Program was carried out successfully in eleven countries in 2013 and is scheduled to be rolled out in further countries in 2014. Our goal is to address different learning types by providing a variety of learning methods and to establish a close link to real working life in order to maximise learning success. We therefore adjust the methods to specific target groups, content

Expenditure for training and personnel development*

In millions of euros

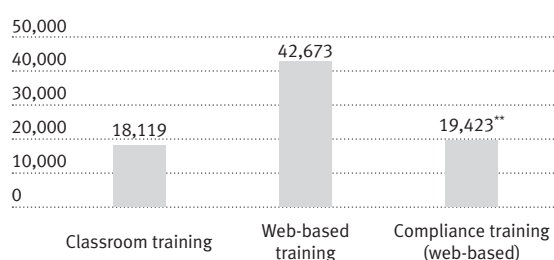


* Germany only

and conditions. In 2013 and 2014, our BSH Academy Corporate was awarded with the “German Education Award” (Deutscher Bildungspreis), which is run by TÜV SÜD Academy and the market research company EuPD Research Sustainable, and was classed as a “Company of Excellence”. BSH Academy Corporate’s varied portfolio and international orientation, in particular, convinced the jury.

BSH Academy Germany 2013*

Number of participants



* As of 2011, the indicators for all BSH Academies at German locations have been included in the total figures. As a result, the figures are not directly comparable with those from previous years.

** In up to eleven different languages

Diversity management

Diversity management has been embedded in the Group’s organisation since 2011 and is a firm part of our HR strategy. It covers gender, internationality and age structure. Our focus is to establish diversity at the grass roots level, foster different careers, measure the progress of the implementation of diversity in our annual business planning and devise targeted action from those measurements. In our efforts to harmonise this matter around the world, we held initial workshops for local diversity concepts in Spain and Turkey in 2013.

We have already put self-defined targets in place for the percentage of international and female employees in many countries (China, France, Germany, Netherlands, Poland, Russia, Scandinavian countries, Spain, Turkey, United Kingdom and United States). The achievement of these targets is reviewed every year and discussed with the Board of Management. Currently, women make up 30.5 percent of BSH’s overall workforce (2012: 29.4 percent) and 20.7 percent of managers (2012: 18.7 percent). When selecting personnel, we ensure that hiring decisions and remuneration calculations are made according to consistent

performance standards independent of the gender of the applicant. For our talent programmes JEP and IEP, we have set ambitious targets for the proportion of female members. In addition, female managers receive targeted support in the course of a cross-company mentoring programme.

To foster a culture that balances work and family life, we paid considerable attention to work-life integration in 2013. In Germany, for example, we published a brochure named “Perspective Part-Time Work” telling our employees about the ways they can organise their working life more flexibly in certain phases of their life – including parental and caregiver leave, the general conditions for taking a sabbatical and the possibility of doing some of their work from home (home office).

Last year, 83 percent of our companies offered their employees flexible work models such as working flextime (2012: 73 percent). 53 percent of them offered the home office option. In Germany, the share of employees working part time in 2013 was 10.9 percent. In 2013, our Berlin and Traunreut locations joined Munich in offering childcare. All in all, we increased the number of our childcare places compared with the previous year.

International work-life balance models*

Percentage of employees taking up this offer

	2011	2012**	2013
Flexible working hours	45.4	38.4	38.3
Teleworking/home office	1.8	1.7	1.7
Part-time work	4.8	4.8	4.9
Parental leave	1.0	1.4	1.0
Trust-based flextime	2.1	3.3	3.4

* The stated forms of employment are just a selection of the options available to support work-life integration.

** Because of changes in the way data is collated, particularly in China and the United States, a comparison with figures from 2011 is not possible.

Employee dialogue

A key instrument for measuring the commitment and satisfaction of our employees and identifying potential for improvement is the employee survey, which is conducted every two years and, in 2013, took place simultaneously around the world for the first time (see the “Key areas” chapter on page 22). Tools such as the Human Relations Barometer for employees in production and Feedback for Managers are further means of encour-

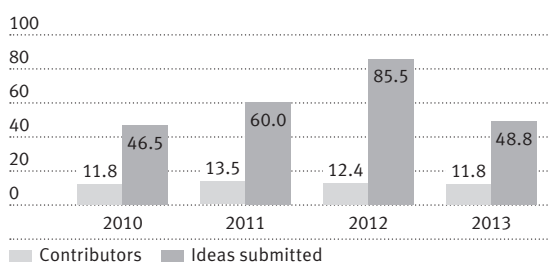
aging an open exchange of views. Ten countries (China, France, Germany, the Netherlands, Poland, Russia, Slovenia, Spain, Turkey and Ukraine) utilised Feedback for Managers in 2013. The “In Dialogue” online platform gives our employees the opportunity to ask management questions. The staff magazine “inform” appears up to six times a year in German and English and can be retrieved from the intranet.

Employee representatives also have the chance to exchange views with the BSH Board of Management across borders via the European Committee, which was set up in 1996. Over 100 employee representatives of regional companies in Europe sit on this information-sharing and consultation forum.

The “Top Idea” tool, which has been rolled out Group-wide, is an important instrument to encourage employees to submit suggestions for improvement. In 2013, it was already established in 16 countries. In 14 of those, the joint “idea-channel” software serves as an international ideas pool. In the year under review, 11,785 employees submitted around 48,800 ideas, 60 percent of which were implementable. As a result, the company achieved net cost savings of 11.6 million euros in 2013. Over the last ten years, a total net benefit of around 220 million euros has been notched up.

Company suggestions initiative

Contributors and ideas submitted in thousands



Social benefits and pensions

Country-specific social benefits that go beyond legal requirements are voluntary and take regional conditions into account. In 2013, BSH recorded data on the provision of additional social benefits from 61 companies based in 48 countries. We provide social benefits in 95 percent of these companies primarily through contributions to the state social insurance system. We

also offer additional benefits on a voluntary basis, such as the additional health insurance available to our employees in nearly two thirds of our companies.

Alongside our German companies, we offer a company pension scheme in a further 37 companies. In Germany, BSH offers employer-financed retirement benefits to employees via its own pension fund. The Group's pension obligations came to 1.131 billion euros in 2013. Roughly 46 million euros were paid out to former employees. In Germany, BSH's employee-financed pension fund RentePlus has become well established. The number of employees paying into this fund rose to about 10 percent in 2013. The employer contribution for lower- and middle-income groups that BSH pays in connection with deferred compensation went up by about 3.2 percent.

BSH hires temporary workers in order to cope with peaks in production. In this respect, we only engage temporary workers from companies which employ their workers according to the applicable collective agreement. Otherwise, we offer the working conditions applicable for comparable BSH employees, including the corresponding remuneration. Any temporary worker in Germany who has been with the company for 24 months must be offered a contract of employment. As a member of the "Fair Company" initiative, we also guarantee reasonable levels of pay for interns.

Occupational safety and health management

BSH has been reporting the incidence of accidents on the basis of standard, centrally defined criteria since 2000. Accidents are documented which occur at work in the factories and large logistics and customer service units and result in at least one day's absence. The average rate of accidents per million hours worked at all factories has improved continuously in recent years, falling by 57 percent from 2004 (12.9) to 2013 (5.6). Our Cerkezköy site (Turkey), where the 2013 accident rate amounted to just 2.8 and lay well below the average for BSH's factories, made a particularly big contribution to this. There were no fatal accidents at work among the Group's workforce in 2013.

Since 2009, all factory sites have introduced an occupational health and safety management system based on the OHSAS 18001 standard. Within the next three years, we want to entirely avoid

accidents caused by technology and noticeably reduce accidents caused by organisation and behaviour in the course of our “Vision Zero” initiative. In 2013, safety engineers at our factories carried out a fine analysis of the causes of accidents over the past three years and came up with a total of ten individual counter-measures. Our long-term goal is for safety culture to be understood as part of management culture throughout the Group.

exercise and coping with stress. Employees who return after a long illness or who have restricted health are re-integrated gradually at BSH on the basis of the company’s integration management system.

Incidence of accidents at BSH around the world

Accidents resulting in at least one day’s incapacity



Compliance with ergonomic findings and standards helps to maintain the health and performance of our employees on the one hand and to create the prerequisites for high productivity on the other hand. Demographic change is raising new requirements for ergonomic and safe workspaces. This is not only the case at our German factories but it is particularly apparent there due to the age structure. BSH’s production planners, company doctors and safety engineers work together on an interdisciplinary basis on both the planning of new workspaces and the reorganisation of existing production lines. To strengthen the effect of our long-term company-wide “Perspective 67” initiative, we launched the global “Demography in Production” project in 2013, which envisages concrete agreements on personnel structures and workspace organisation in future.

Health promotion programmes and a company doctor are available to employees at over half of our subsidiaries. We are continuously developing site-specific offerings and courses on nutrition,

Status in 2013

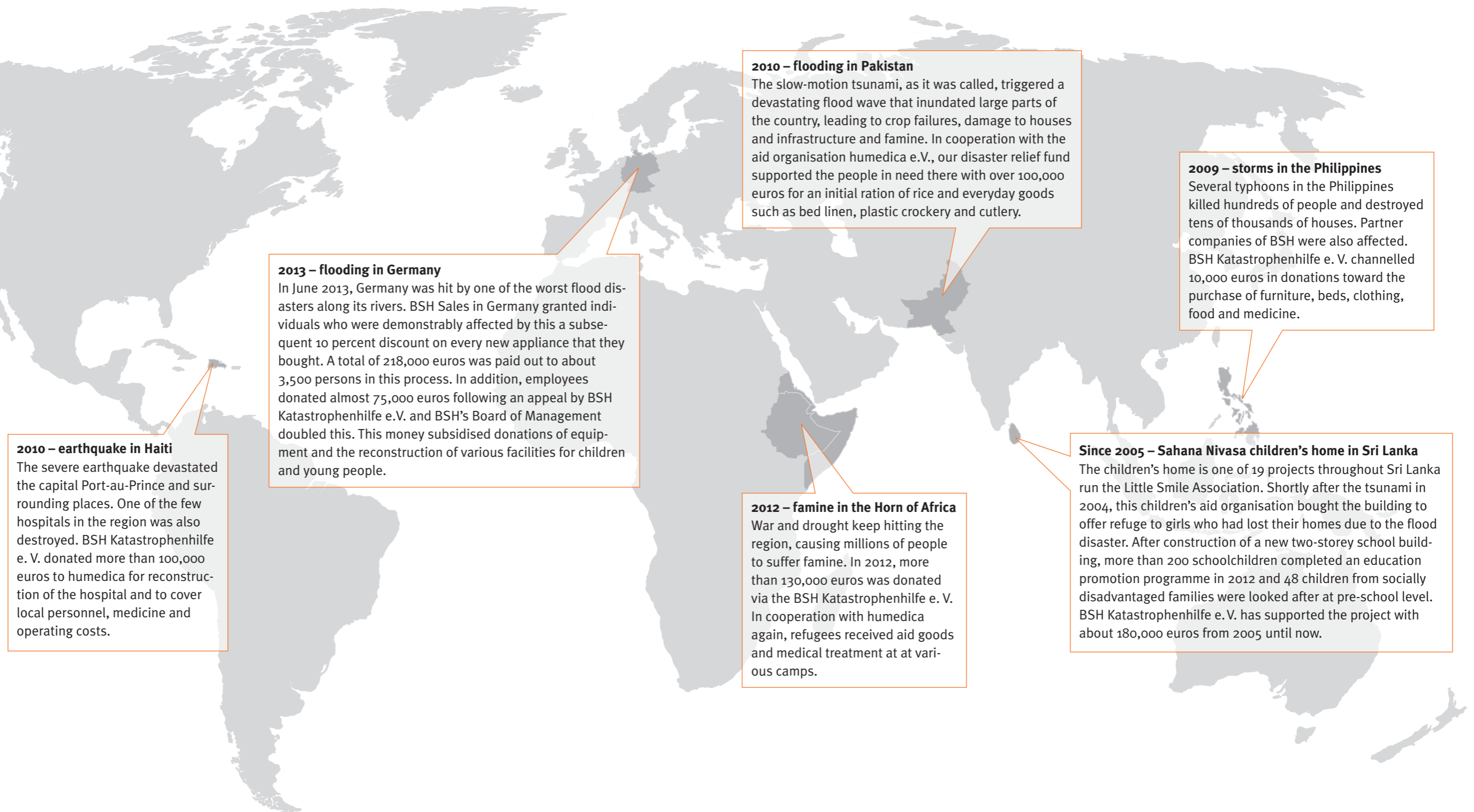
Commitment in the regions

Beyond our factory gates, we are committed to the economic and social development of our environment. Our impact is varied: we create jobs, train young people, contribute to environmental protection, foster educational establishments and seek a constructive dialogue with local communities and regional associations. We also support local initiatives and projects around the world, often by donating equipment.

BSH Katastrophenhilfe e. V.

After a severe earthquake in Turkey in 1999, BSH employees founded BSH Katastrophenhilfe e. V., a disaster relief fund, with the support of the Board of Management. Through this, we help people in disaster areas by means of concrete medium- or long-term aid projects – for example assisting to build, equip or run schools, nursery schools,

orphanages and hospitals. Financing is generally provided by employees and the company through specific donation campaigns. Since establishment of the relief fund, more than 3.5 million euros has been donated via the BSH Katastrophenhilfe e. V. Administrative expenses are not deducted so all the money received is distributed to the aid projects.



2010 – earthquake in Haiti

The severe earthquake devastated the capital Port-au-Prince and surrounding places. One of the few hospitals in the region was also destroyed. BSH Katastrophenhilfe e. V. donated more than 100,000 euros to humedica for reconstruction of the hospital and to cover local personnel, medicine and operating costs.

2013 – flooding in Germany

In June 2013, Germany was hit by one of the worst flood disasters along its rivers. BSH Sales in Germany granted individuals who were demonstrably affected by this a subsequent 10 percent discount on every new appliance that they bought. A total of 218,000 euros was paid out to about 3,500 persons in this process. In addition, employees donated almost 75,000 euros following an appeal by BSH Katastrophenhilfe e. V. and BSH's Board of Management doubled this. This money subsidised donations of equipment and the reconstruction of various facilities for children and young people.

2012 – famine in the Horn of Africa

War and drought keep hitting the region, causing millions of people to suffer famine. In 2012, more than 130,000 euros was donated via the BSH Katastrophenhilfe e. V. In cooperation with humedica again, refugees received aid goods and medical treatment at at various camps.

2010 – flooding in Pakistan

The slow-motion tsunami, as it was called, triggered a devastating flood wave that inundated large parts of the country, leading to crop failures, damage to houses and infrastructure and famine. In cooperation with the aid organisation humedica e. V., our disaster relief fund supported the people in need there with over 100,000 euros for an initial ration of rice and everyday goods such as bed linen, plastic crockery and cutlery.

2009 – storms in the Philippines

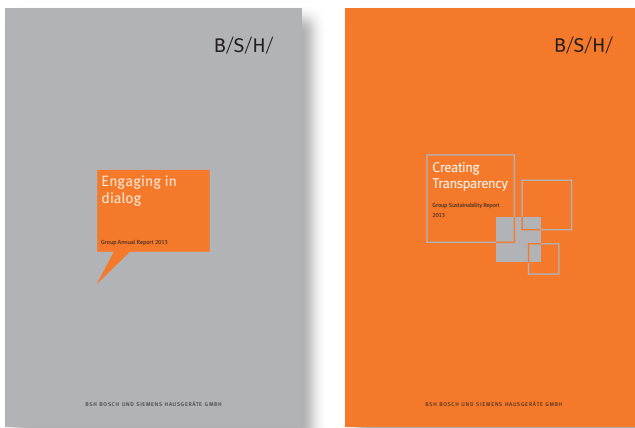
Several typhoons in the Philippines killed hundreds of people and destroyed tens of thousands of houses. Partner companies of BSH were also affected. BSH Katastrophenhilfe e. V. channelled 10,000 euros in donations toward the purchase of furniture, beds, clothing, food and medicine.

Since 2005 – Sahana Nivasa children's home in Sri Lanka

The children's home is one of 19 projects throughout Sri Lanka run the Little Smile Association. Shortly after the tsunami in 2004, this children's aid organisation bought the building to offer refuge to girls who had lost their homes due to the flood disaster. After construction of a new two-storey school building, more than 200 schoolchildren completed an education promotion programme in 2012 and 48 children from socially disadvantaged families were looked after at pre-school level. BSH Katastrophenhilfe e. V. has supported the project with about 180,000 euros from 2005 until now.

Sustainability objectives for 2013 and 2014

Objectives for 2013*	Objectives achieved in 2013	Objectives for 2014
“Business partners” area of activity		
		Conduct social audits of another 200 suppliers in selected regions (above all, electronics, electrical parts, rubber articles)
		Run a pilot project to extend the Social Compliance Programme to service providers and manufacturers of long-life consumer goods
“Resource excellence” area of activity		
Reduce specific energy and resource consumption in line with the Resource Efficiency Programme 2015	Achievements in specific energy and resource consumption in line with targets set in 2013:	Reduce specific energy and resource consumption in line with the Resource Efficiency Programme 2015
– Energy target: 553 kWh/t (-5 % annually based on 2010 figures)	– Energy: -10 % (538 kWh/t)	– Energy target: 521 kWh/t of product
– Water target: 1.04 m ³ /t (-5 % annually based on 2010 figures)	– Water: -10 % (1.04 m ³ /t)	– Water target: 0.98 m ³ /t of product
– Waste target: 76 kg/t (-2 % annually based on 2010 figures)	– Waste: -10 % (76 kg/t)	– Waste target: 74 kg/t of product
		Climate reporting/CO ₂ emissions: develop Scope 3 analysis further for BSH's corporate carbon footprint
“Consumers and products” area of activity		
Increase percentage of sales of super-efficient appliances to 35% (by 2015)	Percentage of sales of super-efficient appliances increased to 35%	Increase percentage of sales of super-efficient appliances to 40% (by 2016)
		Keep satisfaction with BSH customer service at a high level
		Keep product ratings on social media platforms at a high level
“HR policy” area of activity		
Redesign the Junior Executive Pool (JEP), focusing on internationality; redesign the qualification measures for the International Executive Pool (IEP) in line with current trends	JEP orientation centre and qualification measures redesigned; arrangement of international collection of potential, including JEP and IEP criteria, updated; English test and “Motivated for JEP” introduced for the 2014 JEP nomination process	Interlace the content of the redesigned JEP measures and apply the programme criteria consistently
Hold the employee survey in 47 countries (about 47,000 employees); extend the roll-out of the monitoring tool	International employee survey held simultaneously in all BSH countries for the first time; use of the monitoring tool in all BSH countries around the world	Ensure that the employee survey results are communicated to all employees; devise improvement measures from the result reports across the board
Be ranked as a “Top Employer Belgium”; win a “Top Employer Europe” award (Top Employers Institute)	Ranked as a “Top Employer” in Belgium, Germany, the Netherlands, Poland and Spain again and in Turkey for the first time; won a “Top Employer Europe” award; came first in the overall ranking for “Top Employer for Engineers”	Continue the existing “Top Employer” activities and extend them to other countries; Get HR to assist in corporate social media activities
Roll out diversity activities internationally and step up communication on diversity; publish “Part-Time Work Options” brochure; extend support for partners accompanying expatriates; increase the number of childcare places	Initial workshops held in Spain and Turkey; process improved and comments on diversity KPIs added to the business plan; internal communication expanded; “Part-Time Work Options” rolled out throughout Germany; spouse support introduced; childcare places in Munich increased by more than 50 %	Extend recruiting, employer branding and qualification regarding diversity; pursue qualifications; continue to focus on international diversity; continue the international roll-out of the diversity concept; implement an internal forum for the control of diversity KPIs
Set up an international HR key performance indicator system to support and control HR strategies, focusing on clear definition of KPIs and uniform collection of them	KPI system and catalogue designed and rolled out; Group-wide KPIs and monitoring key figures established in HR	Draw up an HR strategy paper per subsidiary with all relevant KPIs and monitoring key figures
* Limited comparability with the 2012 objectives table as the objectives for 2013 were adjusted to redefined CR areas of activity		



Engaging in dialog. Creating transparency.

In a networked world, dialog and transparency are more important than ever. We can only offer consumers the best solutions when we really understand their needs. That's why we make extensive use of our communications channels to provide consumers with every important aspect of information or service – before, during, and after a sale. Transparency and openness in our dialog with our stakeholders is an essential component of our sustainable corporate strategy. Our business report and sustainability report show how we keep up that dialog.

Both reports are available as PDFs at publications.bsh-group.com. The annual report is also available as an iPad app from the App Store.

BSH Bosch und Siemens Hausgeräte GmbH

Carl-Wery-Strasse 34, 81739 Munich, Germany
Tel. +49 89 4590-01
Fax +49 89 4590-2347
www.bsh-group.com

Media contact:

Corporate Communications
Tel. +49 89 4590-2809
Fax +49 89 4590-2128
corporate.communications@bshg.com

Corporate Responsibility and Sustainability

Tel. +49 89 4590-4350
Fax +49 89 4590-4490
claudia.graziani@bshg.com

Environmental Protection, Occupational Safety

Tel. +49 89 4590-2447
Fax +49 89 4590-2148
volker.korten@bshg.com

The Sustainability Report and the publications listed below are available in German and English:

- Group Annual Report 2013
- BSH at a Glance 2014

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GRI Index

The index shows where the relevant information can be found in the 2013 Sustainability Report and the 2013 Annual Report (AR). All standard and reported additional indicators (marked in grey) are included. According to our own estimate, this report complies with GRI-G3 application level „B“.

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EN12 Effects on protected areas and biodiversity ¹	●	none
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EN23 Significant spills ³	●	none
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1 2013 no activities in or near protected areas
 2 not reported, because of low emissions of worldwide 310 kg
 3 2013 no significant spills of hazardous materials
 4 2013 no fines or sanctions

Status
 ● fully reported ● partially reported ○ not reported

F = Flap

