

BSH HAUSGERÄTE GMBH

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

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

Munich, June 27th, 2018

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Dr. Karsten Ottenberg
Chief Executive Officer

Matthias Ginthum
Chief Markets Officer

Johannes Närger
Chief Financial Officer

Dr. Michael Schöllhorn
Chief Operating Officer

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

The following table indicates the guidelines and management systems that BSH has implemented to support the Global Compact principles relating to human rights, labor standards, environmental protection and the fight against corruption. It also summarizes BSH's specific progress on realizing the Global Compact principles in 2017.

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

Labor standards			
<p>Principle 3: Upholding freedom of association and collective bargaining</p>	<ul style="list-style-type: none"> ▪ Business Conduct Guidelines ▪ APPLiA Code of Conduct ▪ BSH Suppliers' Code of Conduct 	<ul style="list-style-type: none"> ▪ Written acceptance of BSH Suppliers' Code of Conduct by suppliers. ▪ Since 2013, gradually systematic audits of production materials suppliers by external certifiers and derivation of measures. 	<ul style="list-style-type: none"> ▪ Social Compliance Programme continued for further key suppliers with work-intensive or environmentally relevant production processes. ▪ Tracking of measures of suppliers audited and systematic re-auditing.
<p>Principle 4: Elimination of all forms of forced and compulsory labor</p>			
<p>Principle 5: Abolition of child labor</p>			
<p>Principle 6: Elimination of discrimination</p>	<ul style="list-style-type: none"> ▪ Business Conduct Guidelines ▪ APPLiA Code of Conduct ▪ BSH Suppliers' Code of Conduct ▪ BSH Corporate Principles 	<ul style="list-style-type: none"> ▪ Diversity Management (emphasis on internationality and gender) further developed, diversity KPIs in strategic goals. ▪ Annual Girls' Day (female students get to know jobs in the field of IT, manufacturing, technology and engineering). ▪ Diversity week (action week with different formats e.g. workshops and keynotes related to diversity). ▪ Since 2013 corporate project "Demographic change in production" supports a balanced age structure through age and health based working conditions. ▪ Signing of the Diversity Charta. 	<ul style="list-style-type: none"> ▪ Maintaining last year's proportion of female employees (31 percent) and women among managers (24 percent).

Environmental protection			
<p>Principle 7: Precautionary approach to environmental protection</p> <p>Principle 8: Promotion of greater environmental responsibility</p> <p>Principle 9: Diffusion of environmentally-friendly technologies</p>	<ul style="list-style-type: none"> ▪ BSH's Environmental Policy ▪ Unified standards for planning and building of production plants ▪ ISO 14001 certification of BSH factories ▪ ISO 50001 certification of BSH factories in EU and Turkey ▪ Product Environment Analysis (PEA) for continuous improvement of environment-related aspects during product development 	<ul style="list-style-type: none"> ▪ Design for Environment approach for the design and construction of new products. ▪ Group project „Resource Efficiency 2025“ for a further reduction of energy and water consumption as well as facilitation use of climate friendly energy sources. ▪ Reduction target for logistics to reduce CO₂ emissions resulting from goods transportation by 20 percent by 2020 compared to 2006. ▪ Certified quality assurance system for recycling fridges adopted by our disposal service providers in Germany. ▪ BSH engages in Stiftung 2°, a German foundation dedicated to combat global warming. ▪ Development and design of circular business models and products. 	<ul style="list-style-type: none"> ▪ Examination of the possibility of using biodegradable plastics for the transport packaging for our appliances. ▪ Reduction of specific energy and water consumption by 15 percent and specific waste volume by 10 percent until 2020 (compared to 2015). ▪ All 43 production sites of BSH with certified environmental management system according to ISO 14001 until September 2018. ▪ All production and logistic sites in Germany as well as the site Cerkezköy in Turkey, logistics and European sites larger than 250 employees certified according to ISO 50001, the standard for energy management systems.

Anti-corruption			
<p>Principle 10: Action against corruption</p>	<ul style="list-style-type: none"> ▪ Group Policy Anti-Corruption - Gifts & other Benefits ▪ Business Conduct Guidelines ▪ Governance, Risk and Compliance approach ▪ APPLiA Code of Conduct ▪ BSH Suppliers' Code of Conduct 	<ul style="list-style-type: none"> ▪ External Lawyer of Trust (for employees and externals) and anonymous reporting system (BSH Trust and Tell System) (for employees) all over the world. ▪ Risk-based compliance training program for all employees all over the world based on a learning management system and the IMPACT Tool. ▪ Worldwide Implementation of the IMPACT Tool. 	<p>Awareness regarding corruption has risen due to (e.g.):</p> <ul style="list-style-type: none"> ▪ Worldwide Compliance dialog between managers and employees with regard to compliance. ▪ Over 37,000 web based Compliance trainings and over 25,000 classroom trainings participations in 2017.