

B/S/H/

Group Sustainability Report 2012

Delivering Benefit. Aiming for Sustainability.



BSH BOSCH UND SIEMENS HAUSGERÄTE GMBH

About this report

BSH Bosch und Siemens Hausgeräte GmbH has issued a report for stakeholders every year since 1992 detailing the progress made on realizing its strategy based on sustainable development. This report covers all BSH sites around the world. It presents events, development and the environmental and staff-related indicators for fiscal year 2012. The final deadline for contributions to this report was Tuesday, April 30, 2013. 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 more detailed GRI balance sheet containing additional information not presented here may be found on the Internet, together with a clear summary of our progress in implementing the Global Compact principles, at:



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

Brands

Main Brands



Special Brands

GAGGENAU



Thermador[★]

Constructa

viva

ufesa

JUNKER

Regional Brands



PITSOS

PROFILO



For more information about BSH and its brands, see BSH's 2012 Group Annual Report or visit its website at:

→ www.bsh-group.com

Milestones 1967-2012

1967 BSH founded	1991-1992 Corporate Department for Environmental Protection set up (1991) First Environmental Report (1992)	1993 Use of CFCs and HFCs discontinued in Europe	1994 Implementation of a binding environmental policy throughout the Group Take-back of end-of-life appliances	1995 First EMAS validation Environmental management handbook	1996 Product Environment Analysis (PEA)	1997 Environmental controlling at sites outside Europe commenced	1998 PEA awarded environmental prize by Federation of German Industry (BDI)	1999 China's first CFC and HFC-free refrigerators manufactured Global occupational health and safety guidelines	2000 Apprenticeships commence in Turkey	2002 Best-practice presentation at UN Summit in Johannesburg
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Indicators at a glance			
	2010	2011	2012
Financial in millions of euros			
Sales revenue	9,073	9,654	9,800
Earnings before interest and taxes (EBIT)	754	647	683
Capital expenditure on fixed assets*	403	453	421
Expenditure for research and development	277	298	326
Environmental			
CO ₂ emissions (Scope 1 & 2) per metric ton of product in kg	250	241	243
Energy consumption per metric ton of product in kWh	650	593	599
Water usage per metric ton of product in m ³	1.23	1.10	1.15
Environmental costs and investments in millions of euros	18.3	19.7	19.6
Social			
Number of employees	42,841	46,228**	46,925
Percentage of women	28.8	29.1	29.4
Personnel expenses in millions of euros	1,807	1,893	2,043
Expenditure for training and personnel development in millions of euros	18.2	19.7	20.2

* Excluding goodwill

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

Selected awards in 2012 and 2013



“Energy Star® Sustained Excellence Award”, United States



Which? Awards “Best Home Appliance Brand”, United Kingdom



Bavarian Government’s “JobErfolg 2012” Integration Prize, Germany



“Emirates Quality Mark”, United Arab Emirates



“Madrid Excelente” for Sustainability and Customer Satisfaction, Spain



Turkish Quality Assurance Association’s Sustainability Award, Turkey

2003
BSH named “Best Innovator”

2004
BSH wins Federation of German Industry prize for transfer of environmental protection technology

BSH signs up to UN Global Compact

Corporate Principles updated

2005
BSH signs the Code of Conduct of the European Committee of Domestic Equipment Manufacturers (CECED)

2006
International B.A.U.M. special prize awarded to Dr. Kurt-Ludwig Gutberlet

BSH supports Europe-wide “Sustainable Energy Europe” campaign

2008
BSH wins German Sustainability Award

BSH introduces Compliance Management

2009
BSH’s Nauen plant “Factory of the Year”

Occupational health and safety management system according to OHSAS 18001

BSH one of “Top Employers Germany” by CRF Institute

2010
BSH wins German Innovation Prize for Climate and Environment (IKU)

Materiality analysis for Sustainability Management

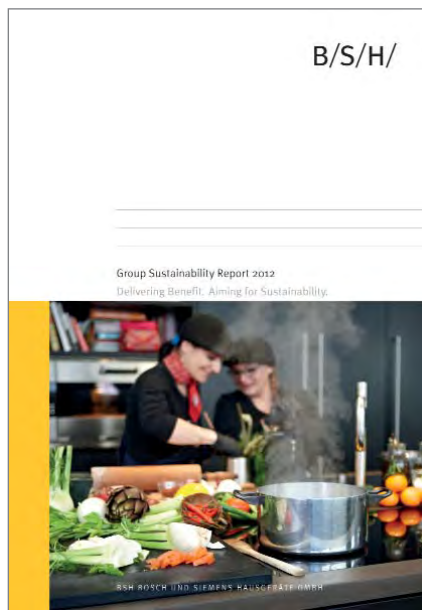
Utopia Award for the Zeolite dishwasher

2011
Corporate Responsibility department established

BSH named “Climate Protection Company” in Germany

2012
BSH recognized as one of “Top Employers Europe” by CRF Institute

Traunreut receives “JobErfolg 2012” integration prize for integrating persons with disabilities



Focusing on the Customer.

Delivering Benefit.







Aiming for Sustainability.

A consistent customer orientation is what has made BSH Bosch und Siemens Hausgeräte GmbH a success. Whether our customers are gourmets or design enthusiasts, whether they love technology or are passionate about the environment – we offer them sophisticated solutions based on forward-looking technology, outstanding design, excellent service and super-efficient home appliances. Many of our customers opt for our products because they want to help protect the climate and contribute to a viable future. Environmentally compatible, responsible operation has become an integral part of our business success. Our Annual Report and Sustainability Report show how we create benefit for our customers, the environment and society in general, and thereby ensure our own success.

Both reports are available on our website as PDF files, and the Annual Report also as an e-paper document:

→ publications.bsh-group.com

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“Our long-term success depends on sustainable business practices. We will therefore actively shape the transformation into a society with greater energy efficiency and lower CO₂ emissions.”

Dr. Kurt-Ludwig Gutberlet



“Our customer requirements set the benchmark for innovative and high quality products backed up by reliable service. The more we focus on their needs and wishes, the more competitive and successful we will be.”

Matthias Ginthum

Dear Reader,

The world in which we live and work is becoming increasingly complex and interconnected. And this presents tremendous challenges to us as a company in the process of developing our products, serving our customers, selling our portfolio, managing our people and protecting the environment. So we have even greater reason to be proud of the fact that we managed to meet many of our ambitious targets in 2012 and further increase sales revenue.

Our business success is the result of a clear strategic focus on sustainable business practices, core growth markets and above all our innovations especially in energy-efficient home appliances. No other home appliance manufacturer managed to sell as many high-efficiency appliances as BSH last year. As a result we are promoting climate protection, while moving towards a sustainable energy policy in Germany. And we could go even further if more consumers opted for a super-efficient model when buying an appliance. So we are doing our utmost to make our innovative technologies available in an ever growing number of home appliances. At the same time, we're continuing to lobby policy-makers and sector organizations to introduce smart incentive systems so that we can move towards a sustainable future in energy policy.

We practice what we preach when it comes to climate protection and resource efficiency. Our ambitious program which aims to reduce the specific consumption of energy and water by 25 percent each by 2015 and cut waste by 10 percent compared with 2010, is already proving an excellent source of inspiration for new ideas, improvements and measurable savings. In logistics, we continue to work on innovative solutions with the aim of systematically cutting CO₂ emissions. And to achieve this, we need motivated employees who see sustainability and environmental protection not simply as a task, but as a mission.

So last year also saw a wealth of activities initiated by our sustainability team with the aim of instilling the idea of economic, ecological and social objectives as a basic component of the work of all employees in all departments in all countries. These activities include workshops, training and presentations, as well as projects to pilot new approaches. For example, last year we thoroughly analyzed our supplier relationships to ensure that ecological and social standards are met across the supply chain.



“Diversity creates benefit and is a key success factor for us as an internationally active company. Because we live and breathe our values, we’re seen around the world as an attractive and valued employer.”

Johannes Närger



“Using resources efficiently also helps to drive innovation. By adjusting today to scarcer resources, we’re developing successful solutions and creating added value for tomorrow.”

Winfried Seitz

To be successful in business while ensuring that we act sustainably, we have to recruit, retain and further develop the most suitable employees wherever in the world we are active. Our underlying value-oriented corporate culture nurtured in every country will guide us in the process. This includes understanding diversity as a corporate benefit and focusing on supporting and developing our employees throughout the world – ideas that are firmly embedded in our sustainability strategy.

This report is our 21st sustainability report – it provides information on targets we have already met and those we are working on.

It follows the international guidelines set out in the Global Reporting Initiative (GRI), and also serves as our progress report in relation to the United Nations Global Compact. By signing the Global Compact, we committed ourselves back in 2004 to promoting responsible and sustainable business around the world.

We hope you will find this report interesting and informative and would welcome any suggestions you might have after reading it, via corporate.communications@bshg.com

Dr. Kurt-Ludwig Gutberlet
Chairman and CEO of BSH

Matthias Ginthum
Brand Management,
Sales and Logistics

Johannes Närger
Finance, Corporate Development
and Labor Relations Director

Winfried Seitz
Product Development,
Corporate Technology, Factories
and Environmental Protection



BSH. Values are the basis of our daily work,
efficiency and quality are the results.

BSH Bosch und Siemens Hausgeräte GmbH was founded in 1967 as a joint venture between Robert Bosch GmbH, Stuttgart, and Siemens AG, Berlin/Munich. Today it ranks as the third-largest home appliance manufacturer in the world and number one in Europe. The Group, which is headquartered in Munich, boasts a portfolio spanning the entire spectrum of modern home appliances from cookers, dishwashers, washing machines, dryers, refrigerators and freezers to floor care and small home appliances. As of December 31, 2012, BSH operated 41 factories in Europe, Asia and the Americas, as well as a worldwide network of sales and customer service companies in almost 50 countries. In 2012, BSH employed more than 46,000 people worldwide, around 70 percent of them in Europe.

International growth

BSH generated 9.8 billion euros in sales revenue in 2012, setting a new record. Yet the comparatively low growth of 1.5 percent reflects the difficult economic climate in some of the European countries in which the company is active. How-

ever, earnings before interest and taxes (EBIT) rose by 5.6 percent to 683 million euros (previous year: 647 million euros). BSH's international growth continued unabated in 2012: In Taipei (Taiwan), we opened a sales company with 70 employees and its own showroom for the regional market. In Jakarta (Indonesia), we formed a new subsidiary. In St. Petersburg (Russia), a new washing machine factory started operations, which aims to manufacture 350,000 appliances a year with 250 employees. 20 years after the start of our activities in Poland, we inaugurated the new headquarters of BSH's Polish subsidiary in Warsaw in October 2012. We also opened an administrative center for Procurement and IT in Lodz, from where 200 specialists will provide BSH offices in 20 countries with support. The BSH factory in Bad Neustadt, Germany's largest vacuum cleaner plant, produced its 55 millionth vacuum cleaner in June 2012. At the site in Dillingen (also in Germany), the 50 millionth dishwasher rolled off the production line at the start of 2012. We also started construction work here on a new development center. 60 addi-



tional engineers will start working there in the next three years. As part of the process of restructuring from a production site to a development site, the washing machine factory in Berlin was closed in July 2012. Some 700 employees work in the new home laundry technology center.

Based on BSH's excellent creditworthiness, rating agency Standard & Poor's confirmed the Group's long-term A rating. Based on the stable operating result and moderate debt ratio, its outlook was again rated "stable".

Strong brand portfolio

Our products reach the broadest consumer groups thanks to our clearly structured brand portfolio: While Bosch stands for "reliable products tailored to meet people's needs", Siemens appeals to customers with its "innovative technology and high-end design". Special brands such as Neff and Gaggenau and various regional brands in individual countries all have their own distinctive brand profile. In 2012, our high-quality and energy-efficient appliances received various awards. With our main brands Bosch and Siemens winning tests for washing machines and tumble

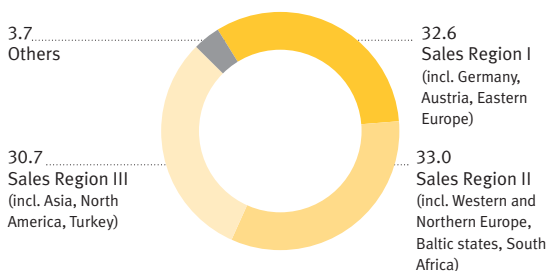
dryers, the Logixx washer-dryer was awarded top marks by German consumer goods testing foundation Stiftung Warentest in September 2012. In the United Kingdom, Bosch was awarded the prestigious Which? Award in "Best Home Appliance Brand" category for the second time in a row. It rewards in particular the performance and reliability of home appliances.

Regional commitment

It is not only in Germany that innovations, a responsible attitude towards employees and social commitment shape our actions. BSH has won numerous awards in the international arena: The BSH subsidiary in the United Arab Emirates was awarded the EQM quality seal of the Emirates Authority for Standardization and Metrology for its reliable products. In Turkey, we were awarded the gold prize by the Turkish Society for Quality Assurance for our achievements in the area of sustainability, for the third year running. BSH's Greek subsidiary was awarded the silver prize and special award for particularly friendly working environment by the Greek Corporate Responsibility Institute.

Sales revenue by region 2012

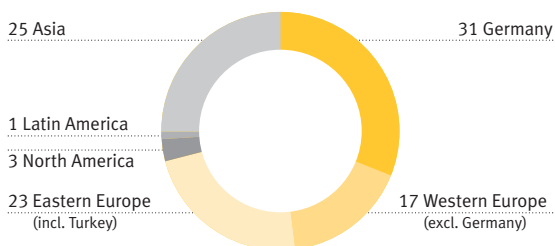
In percent



As at December 31, 2012

Employees by region 2012

In percent



As at December 31, 2012



» Our success depends on our customers' trust. We make them a promise with our renowned brands and high-quality appliances. And we do our very best to fulfill this promise. «

Michael Gerber,
Head of BSH Customer Service



Our business practices are based on a business model accepted by society.

We develop and produce high quality home appliances that make life easier, while helping to protect the environment.

BSH has always ensured that responsibility for the environment, its employees and society is firmly rooted in its corporate culture, and has made this responsibility an integral part of its guiding principles. The sustainability strategy approved in 2011 pools the Group's business into six areas of activity and focuses on further developing them. Attention is currently aimed at expanding customer service activities around the world. Confidence is inspired among people, in the market and in society, on the basis of reliable customer service and durable appliances.

Direct link to the customer

In 2012, BSH's Customer Service grew to 7,000 employees worldwide. This network of well-trained service engineers is a big selling point for BSH, because it is particularly important for customers in many countries. According to Michael Gerber, Head of BSH Customer Service, service and presence are key quality indicators: "In our core markets, which make up 90 percent of our business volume, we are available around the

clock: 24 hours a day, 7 days a week. We have additionally invested in terms of employee capacity and training to ensure this presence. And our customers appreciate this." Consumers in the United States and Asia also like the fact that BSH can be contacted directly, that specialist engineers come right to the door and that replacement parts are kept for at least ten years. In China, for example, each new appliance can be installed by BSH Customer Service if so required.

In the best hands – throughout the world

"At the same time, our extended online services are particularly beneficial for those customers who want to sort things out themselves," explains Gerber. BSH offers easy-to-understand information via its website, sometimes illustrated by short videos showing for example the right way to descale a washing machine or clean a pump. Some of these videos received 150,000 hits last year alone. A welcome side-effect of these online services is that unnecessary customer service visits and the corresponding CO₂ emissions can be avoided, which in turn benefits the environment. For BSH, the digital revolution has led to an even greater focus on consumers. As more and more appliances are being bought over the Internet, further services can be integrated with these online activities. For example, extended warranties, appliance accessories or detergents and cleaning agents that can be ordered at the click of a button. This is often appreciated by dealers, as they know their customers will be in the best "service hands".



Responsibility and respect are our daily watchwords. Our actions are based on the BSH Corporate Principles and sustainability strategy.

Foundations underlying our actions

The BSH Corporate Principles form the foundations of our sustainable corporate governance. Guidelines for long-term corporate success are defined in the following six areas: Customers, Products, Employees, Company, Environment and Society. These guidelines also align with our sustainability strategy and breathe life into this philosophy. The overriding aim is to enhance the core competences of BSH at all levels in the value chain around the world, and further develop them in line with ecological and social requirements, in turn benefiting the company. After all, we see sustainable business practices as a competitive advantage and we want to position ourselves permanently as a pioneer in the field.

Proof that BSH adopts such a pioneering role in the sector can be seen from the German Sustainability Award which was awarded to us back in 2008 as the first company, after an extensive evaluation process. However, since then the expectations of our stakeholders – from customers, employees and society to policy-makers – have continued to rise, in terms of climate protection as well as responsibility in the supply chain. In Germany, where we produce 21 percent of our appliances and generate about 22 percent of our sales revenue, the move towards a sustainable energy policy places high demands on the efficiency of products as well as production.

Current focal issues of the BSH sustainability strategy



Focal sustainability issues 2012

Our strategic sustainability activities in 2012 focused on the topics of customer service, supply chain, energy efficiency, diversity and substances and materials. With respect to the environment, our efforts continue to be geared towards implementing the ambitious “Resource Efficiency 2015” program for factories and buildings. In logistics, we are still working on reducing CO₂ emissions with a target of achieving a 20 percent drop in emissions by 2020. To instill the very idea of sustainability in the minds of employees and integrate it into their everyday work, we have prepared a clear and concise presentation in German and English which can be viewed via the intranet. Workshops to introduce and discuss the strategy have been run by the sustainability team at subsidiaries in Belgium, Spain and Turkey. The main aim of these workshops was to ascertain how sustainability issues can be approached and implemented in each specific country. Workshops were also carried out with corporate departments Procurement and Sales under the banner of “Sustainability@Functions”, to work out how each employee in BSH can contribute to achieving the sustainability targets.

Using our own “Sustainability Index” from the results of the 2011 employee survey, we determined the extent to which BSH’s sustainability

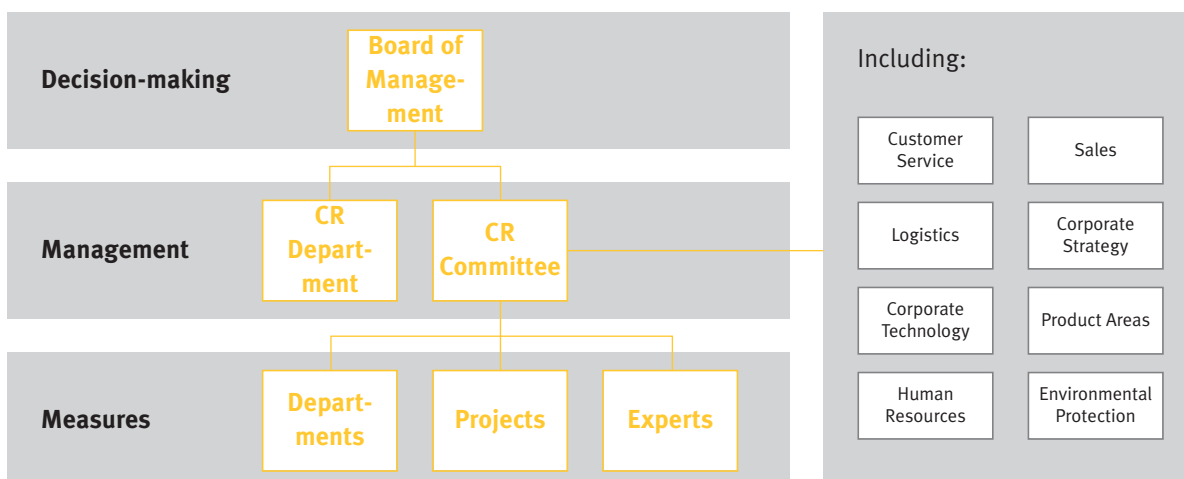


activities are discerned and contributed to by employees in the various sites and countries. The highest scores (over 70 out of a possible 100 points) were obtained in Israel, Portugal and Turkey, followed by Germany, Greece and Switzerland. The lowest although still perfectly respectable scores (over 60 points) were obtained in Australia, Russia, Spain and the United Kingdom. We want to keep improving on these results.

Structures for responsibility

The Board of Management is accountable at the highest level for sustainability and corporate responsibility (CR) at BSH and, at the start of 2011, set up a new department dedicated to these issues: The Chief Corporate Responsibility Officer leads a team of experts, and reports directly to the Chairman of the Board of Management. He is supported by the CR Committee, with representatives from 14 corporate departments, including Human Resources, Environmental Protection, Corporate Technology, Product Areas, Sales and Customer Service.

Corporate Responsibility (CR) at all levels of the BSH Group





This committee meets every two months to discuss CR-related topics and decide on specific measures. Working groups are appointed across the company to implement projects. They meet as and when required. Similar structures have since been set up at BSH in Spain.

In dialog with our stakeholders

BSH maintains contact around the world with consumer and environmental organizations, policy-makers and researchers, as well as customers and residents – by encouraging direct discussions with them, holding open-day events at our sites, attending trade fairs and joining national and international industry associations as well as the German Global Compact network. BSH joined the Deutsche Unternehmensinitiative Energieeffizienz e.V. (DENEFF) back in 2011, a network of pioneering companies. In view of the innovative strength of our energy efficiency measures, we have been a member of the climate protection and energy efficiency initiative, a joint venture

between the Federal Ministry for Environmental Protection, Federal Ministry for the Economy and German Chambers of Commerce and Industry, since the end of 2011. In fall 2012, we joined the EEBus Initiative e.V. This is where home appliance manufacturers, technology companies and power utilities engage with each other in efforts to develop tomorrow's electricity network, known as the Smart Grid, into a marketable concept, thus contributing to the energy revolution. We maintain particularly close contact with consumer groups and organizations, from which BSH receives regular requests and enquiries. At the same time, we are involved in standardization committees at national and international level and regularly exchange views with non-governmental organizations (NGO).

Sustainability reporting and social media

The BSH Sustainability Report, which has been published each year since 1992, forms a key basis and component of our dialog with stakeholders. The report follows the guidelines set out in the internationally recognized Global Reporting Initiative (GRI) and ensures that our actions are verifiable and comparable using performance indicators and other data. We also actively pursue an online dialog with customers, potential employees, organizations and the media, so we have established a global social media strategy. In the process of implementing this strategy, the two social media managers at headquarters level are supported by 50 social media officers in the various subsidiaries throughout the world, who respond to requests and enquiries. By maintaining dialog with stakeholders, we obtain valuable

BSH's Corporate Responsibility roadmap

	2011	2012	2013	2014	2015
Company	Corporate Responsibility department established	Group-wide communication on CR	Implement sustainability strategy Include sustainability targets in business planning		
Products and customers	Percentage of sales of super-efficient appliances increased to 31%		Increase percentage of sales of super-efficient appliances to 35%		
Employees	Diversity Management established	Performance indicators defined	Roll out talent management internationally, Increase emphasis in development pools and programs on internationality and diversity		
Environment	Reduce specific resource consumption in production and administration by 25%				
Society	Social commitment and responsibility in the regions Improve contribution of energy-efficient home appliances to national energy saving targets				

views and opinions about our sustainability topics. And we use these ideas to further develop our objectives and activities.

Complying with values and laws

The environmental policy, occupational health and safety guidelines and Business Conduct Guidelines are binding for all employees at BSH and at all levels in the value chain. In 2004, BSH committed itself to implementing the ten principles of the United Nations Global Compact, publishing a progress report each year on the Internet. A year later, we also signed the Code of Conduct of the European Committee of Domestic Equipment Manufacturers (CECED), which we played a major role in compiling.

Integrity is a core strand of corporate culture at BSH. The BSH Business Conduct Guidelines, which came into force in 2006 and were revised in 2011, set out our values and principles in dealing with each other as well as with business partners. They are mandatory for all employees worldwide and provide them with guidance in their daily activities. The existence of a common, binding framework is particularly important for a company like BSH that operates across many different countries, cultures and legal systems. The implementation of the guidelines is supported by our Compliance Management team, composed of some 50 compliance officers at our sites around the world. Employees who wish to report a breach can contact the compliance officers or an independent ombudsman. We take immediate action in response to all reports, initiating appropriate measures to deal with any non-compliant conduct.

To instill a strong awareness in all our employees of the importance of values and integrity, we run a wide-ranging Internet-based training program in up to eleven languages. The program is mandatory for senior and middle management, authorized agents and customer- and supplier-facing employees, although all employees are entitled to make use of it. In 2012, over 25,000 employees around the world completed web-based compliance training courses. Since 2009, Compliance has been a mandatory component of the management training offered by the BSH Academy.



Organizing responsibility

We will not truly manage to achieve sustainability until we have incorporated the content of our CR strategy around the world in all departments and processes. Because responsibility and sustainability form the building blocks and targets guiding all corporate departments, BSH has established a systematic structure to handle the various topics. The BSH Board of Management is accountable at the highest level. This demonstrates that for us these topics are no mere „nice-to-have“ issues, but are important factors for sustainable success in the competitive arena.

Cultural change across all departments

Corporate Responsibility and Sustainability (CRS) guides the various sustainability topics. The BSH CR Committee, with managers representing all corporate departments, ensures that the topics are processed and decided on across all units and departments. For instance, at BSH, the decision to launch a pilot project on responsibility within the supply chain was not taken by Procurement on its own. As the entire CR Committee was involved in the discussion, the various stages in the value chain were transparently identified as well as the reciprocal effect that the various decisions may have. The same applies for projects such as the substitution of critical substances launched by Product Development and Environmental Protection, or the topic of Diversity which plays such a key role in other areas apart from HR work.

Internationalization as a challenge

CR topics are cascaded throughout the entire international organization of BSH, as a company that does business throughout the world. After all, sustainability and responsibility are just as important in other regions of the world as they are in Germany or Europe. The ecological and social requirements on companies for example in Asia, Australia and the United States have risen sharply. BSH communicates values via direct contact with the regions. It takes a certain amount of time and the face-to-face exchange of views, to convey and embed the various values and organizational structures in all the regions.



» We want our guests to feel at home and have fun. So not only does our kitchen have to look good and be convenient for users, it also has to withstand a lot of wear and tear. And thanks to Gaggenau appliances, we've managed to achieve this.«

Graciela Cucchiara,
Owner of Kochgarage Munich



Our customers around the world are won over by quality, design and convenience. The proof of this can also be seen in the tests regularly won by our appliances.

In 2012, BSH sold around 47 million appliances worldwide. We can attribute this success to our ability to identify what customers really want – irrespective of whether they are in Germany, France, the United States or China or whether they share an apartment, live on their own or have a large family. Depending on the region or customer group, we offer a variety of appliances supported by the corresponding services. That’s why Graciela Cucchiara, owner of Kochgarage in Munich, opted for appliances from BSH.

The fun of cooking in high-tech surroundings

The Kochgarage was established in 2009 in an old dairy in the middle of Munich. It is a training room, lounge and kitchen all in one. It is a venue for corporate events, birthdays and weddings alike. Owner Cucchiara describes it as a “hybrid concept of cozy surroundings with high-tech appliances from Gaggenau, lending the space an air of luxury”. Her passion for communal cooking in an unconventional setting has proven to be a

recipe for success: The Kochgarage is fully booked six days a week, with up to 35 guests. “A robust refrigerator and reliable induction cooktop are essential,” explains Cucchiara. It’s also important for the appliances to be easy to operate, after all, guests want to have fun at the Kochgarage trying out new recipes, chatting to each other over the pans or preparing a wedding meal together.

If you offer service, you need service

For events at the Kochgarage, there is therefore no strict recipe to follow, but rather a direction for the shared culinary journey is offered. “We cook eight, nine, ten meals, combining ingredients at will and in the end everyone tries a bit of everything,” explains Cucchiara. With large events in particular, there are often ingredients left over, so recipes are based on whatever inspiration Cucchiara and her team get from these surplus provisions. She calls this concept “Restlos glücklich” (tasty and waste-free), to encourage people not to waste food. When making a decision about which appliances to buy, service was a particularly important factor for Cucchiara, as “it’s vital for me that cooker and fridge work without any problems each and every day. If any problems do arise, I have a contact at BSH so I can count on the fault being quickly repaired.” All she has to do is send a quick e-mail to Customer Service and she will be back up and running again after a few hours.



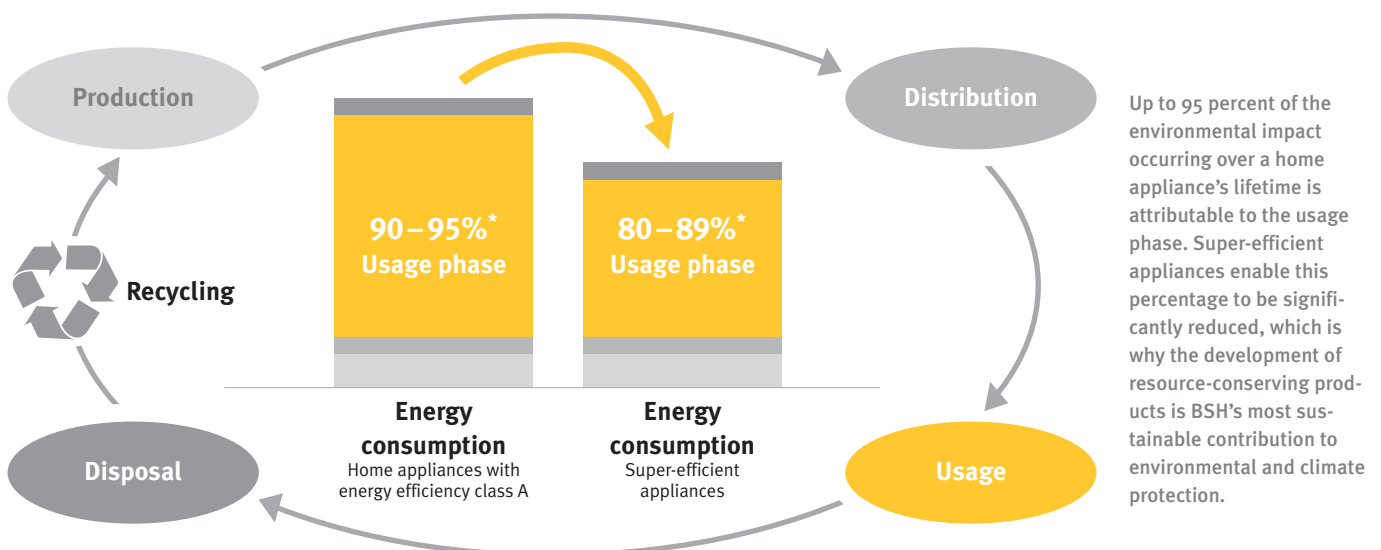
Our products stand out on account of their quality, resource efficiency and ease of use. For even greater customer satisfaction, BSH engineers keep developing internal standards and working on improvements to our appliances.

Spotlight on the usage phase

Around the world, our customers expect us to understand their needs and offer them innovative and reliable products geared to what they want. In the process of developing products, our engineers therefore have to place the spotlight on conserving resources while ensuring the quality and longevity of appliances.

Our customers are supposed to be able to use the products for as long as possible, so over 80 percent of environmental impact occurring over a product's lifetime is attributable to the consumption of energy, water and detergents in households. The systematic Product Environment Analysis (PEA) developed by BSH is used as a guideline for continually improving resource effi-

Environmental protection throughout the entire product lifecycle



Up to 95 percent of the environmental impact occurring over a home appliance's lifetime is attributable to the usage phase. Super-efficient appliances enable this percentage to be significantly reduced, which is why the development of resource-conserving products is BSH's most sustainable contribution to environmental and climate protection.

* Depending on the appliance category

With **31%**, the share of BSH's Super Efficiency Portfolio in its overall sales doubled in 2012 compared to 2009.



ciency in the manufacturing process as well as in the usage phase. It is compulsory to perform a PEA for all development projects.

Innovations and quality

Many departments work together at BSH to ensure further developments in home appliance technology on an ongoing basis: from Trend Research through Development to Marketing, Sales and Customer Service. They provide information and identify potential areas for improvement. They are supported in their work around the world by 60 employees in the patent organization. Before a new model comes onto the market, it will have undergone a large number of internal tests. The wealth of product tests and awards provide ample proof that this extensive innovation management is worth the effort and that our products are appealing for their quality, efficiency and ease of operation: In 2012, 170 of the 395 awards in Europe for „Best Buy“ or „Test Winner“ went to BSH appliances. So once again, we produced the biggest number of winners in Germany and in the international competitive arena. In 2012, our heat-pump dryer received the top rating, “very good”, in the environmental performance category from consumer goods testing foundation Stiftung Warentest. In the United States, we received the “Energy Star® Sustained Excellence Award” – among other things for the dishwasher with the lowest energy and water consumption in the country.

Consistently super-efficient

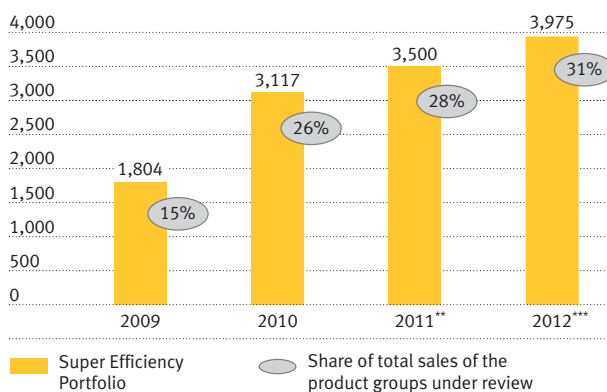
We have been able to reduce the consumption figures of our home appliances significantly over the last 15 years by continuously working on innovative technology: In 2012, a washing machine used up to 53 percent less electricity than a comparable appliance 15 years ago, and we have cut water consumption by 35 percent.

BSH innovations at IFA

For the fifth time in a row, BSH took part in the IFA (international consumer electronics trade fair in Berlin) in September 2012, exhibiting its main brands Bosch and Siemens. Over recent years, the event has grown into one of the leading trade fairs in the home appliances sector. Our exhibition stands offered technology for people to experience up close, attracting more prospects than ever before. Visitors to the trade fair were given an overview of the future of the networked household and shown the most efficient products in their class. A perfect example was a new washing machine with a power consumption rating of 40 percent below the limit value for the best energy efficiency class A+++. A further highlight was a new fridge, which only uses half as much energy as an 18-watt energy-saving light bulb, with an energy consumption of 75 kilowatt hours.

Sales of our super-efficient appliances

Sales in the countries under review in thousands of units*



* EU-27, Croatia, Norway, Switzerland (2012 incl. Turkey)
 ** Limited comparability with 2010 due to more stringent selection criteria (new EU energy label in 2010)
 *** Limited comparability with 2010 and 2011 as selection criteria changed (product category „electric ovens“ added)

150,000 hits

from consumers in 2012 for our online videos showing useful tips on how to use and maintain our home appliances.



For the fourth time in a row, we grouped our most efficient appliances together into one Super Efficiency Portfolio in 2012. 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. In this case, the structural market share made up of the best energy efficiency classes must not exceed 15 percent. We raise the benchmark each year with our Super Efficiency Portfolio and have all our figures reviewed by auditors. This segment of the most economical appliances on the market bought by customers to be environmentally friendly and save money has been going from strength to strength since 2009: In 2012 alone, the share of this segment rose from 28 to 31 percent of our total sales. In private households, the purchase of a super-efficient appliance will have paid for itself after just a few years.

Reliable customer service

The promise of quality and reliability inherent in our products also extends to the support services we provide. Reliable customer service is of the utmost importance, particularly with appliances designed to last a long time. Our customers

expect professional and personalized support, and we deliver this with our 7,000 or so employees around the world. Wherever we sell BSH appliances, we have set up a service network in line with market conditions, either via our own customer service engineers or via selected partners. All our service specialists are trained through classroom and web-based training on the latest technologies and customer relations. In China, South Africa and since 2012 the Philippines too, we have been working in cooperation with local training institutes to provide on-site training for future engineering talents. Our customers can contact us at any time. In our core markets, which make up 90 percent of our business volume, we are available by phone around the clock. And to ensure that our customers are satisfied with their appliances for years to come, we hold a stock of essential spare parts for at least ten years.

Aiming for satisfied customers

To find out more about how satisfied our customers are with BSH's products and service, we carry out annual customer surveys in nearly all the countries in which we operate. We use the results to improve our customer services as well as fur-



Customers as a compass

Our appliances are meant to be easy for consumers to operate. So if we want to innovate, it is now more than ever essential to take customer needs and wishes into account as early as possible. BSH adopts a number of different instruments to do this. For example, we examine household usage in the various countries to ascertain customers' needs as well as culturally-specific differences – for instance in washing clothes or storing foodstuffs. Customer online responses also provide key pointers about areas for improvement and are systematically collated and analyzed to feed back into product development.

ther develop our appliances. Over recent years, we have managed to continuously improve our satisfaction scores, from 1.95 in 2008 to 1.87 in 2012. What's more, various independent studies have substantiated our claims of service quality. For instance, in 2012 we were awarded the prestigious "KVD Service Management Award" for our Service24Plus customer service concept in Germany for automatic coffee makers. We received high scores from the Kundendienstverband e.V. for the rapid processing of service requests and the high quality of our service and repair work in particular. In Spain, we were the first company in the sector to win the "Madrid Excelente" award for our high quality customer service and our contribution to regional development.

We want to keep improving our service activities on an ongoing basis, so we involve customers in this process in various ways. All suggestions or concerns are systematically collated and analyzed, and form an integral part of the process of optimizing our products and services, whether they are received by engineers on site, call center agents via the telephone or online.

Training for retail

Even though consumers increasingly find out about our products via the Internet, retail stores provide an essential link with customers and professional consulting is key for the success of our appliances. BSH plays its part by providing extensive information and free training for specialist dealers. In April 2012, we opened new training and conference centers in the German cities of Hamburg and Essen. The buildings are covering an area of around 2,000 square meters. In addition to workshops and coaching sessions, web-based training was extended to the international arena in the year under review to qualify dealers. For instance, our recently extended training tool "netTrainment 2.6" can now be used in China and the United States. Up to now, a total of around 21,000 dealers completed these online training courses.



Digitization as an opportunity

The Internet has developed into a core hub for providing information and doing business. Up to 80 percent of all consumers do research online before they decide on which home appliance to buy. In other words, information on products and service now has to be even more extensive, while remaining easy to access on the World Wide Web. Companies have the option of entering into direct dialog with consumers and finding out what they think of their products and processes. The opportunities and challenges presented by the digital age and networking are consistently incorporated into our strategic business decisions.

Spotlight on customer requirements

Never before have consumers been able to find out about products or services so quickly and easily. BSH sees this new transparency as an opportunity for serving customers' needs with even greater precision. We continuously update our brands, offers on services or accessories on our websites. As part of corporate project "Digital Transition", BSH is making sure that its Customer Service, Sales or Marketing are fit to take advantage of new requirements and features in the online world. Clear and understandable information on our brands and products is provided via easy-to-understand videos, texts, photos and graphics, referred to as "digital assets". If, despite this wealth of information, customers require professional assistance, they can telephone our Customer Service or book an appointment online.

Social media as a success factor

The presence of our brands on Facebook, YouTube, Twitter or other online platforms is vital for our success. We make use of social media in caring for our customers, making contact with them when we can be of assistance: How do I top up the salt in my dishwasher? How often do I have to descale my automatic coffee maker? Where can I order a baking tray that matches my cooker? The topics concerned vary considerably and need a rapid response. We train our Customer Service employees so that they can respond effectively to these new trends in the social web.



» In Russia we appreciate the reliability of BSH – as employees and as customers. My team works to help get an even better understanding of the needs and wishes of Russian consumers, so we can offer them the right products.«

Elena Polontchouk,
Head of Marketing Major Domestic Appliances,
BSH Russia



The best way of achieving optimum results is to have the most suitable employees.

A good work-life balance and attractive international development opportunities go a long way to help ensure this.

International growth requires that BSH recruits qualified employees in every country, retains them within the company and further develops them. This also applies to Russia, where BSH set up a sales company back in 1996, with operations at its first factory starting in 2007. This huge country is now one of the most dynamic and important markets for BSH. At the sites in Moscow and St. Petersburg, there are now over 1,300 employees working in production and administration. Elena Polontchouk is one of these employees. She joined the company via BSH's international trainee program in Germany and is now responsible for the marketing of BSH Major Domestic Appliances in Russia from her Moscow office.

Fierce competition

"In Russia too, qualified experts are becoming increasingly scarce," acknowledges the 35-year-old: "There is fierce competition, so it is important for us to stand out from the field as an international company." Competitive advantages include the company's fair and transparent con-

tractual conditions, voluntary social benefits provided by BSH and its open communication culture. The native Russian, who has already worked in a number of different international locations for BSH and recently joined the International Executive Pool, a talent management program for international executive functions, is very familiar with the company and the challenges it faces. And this stands her in good stead in her daily activities: "Over the last ten years, as a trainee and member of the Junior Executive Pool, I've made invaluable contacts internationally and across departments. I regularly exchange views with my colleagues about marketing strategies and activities in regional markets."

International yet regional

When buying home appliances, Russian consumers look out for quality, performance and design. Yet Polontchouk is also very aware of the importance of regional differences: "Because Russian kitchens and bathrooms are relatively small, customers usually opt for slimline washing machines and dishwashers. The Russian variants of our appliances have a specially adapted interior arrangement to make room for instance for the typical three-liter jars you get here and the large pans big enough to feed the whole family, not to mention the economy-size packs of food in the fridge." A further key factor for customer satisfaction is maintaining dialog with consumers. "Since this year, customers can now not only contact us via the info line, but also via the popular Russian online networks," explains the marketing expert.



BSH as an attractive employer

One of BSH's ongoing challenges is to recruit qualified young talents and develop the most suitable employees. "Employer branding" at BSH stands for a large number of measures with the aim of being an attractive employer worldwide. Proof that we are managing to meet this aim came at the start of 2013 when the CRF Institute certified BSH as best employer for engineers in Germany. In the categories of innovation management, primary and secondary benefits and work-life balance, BSH was declared the overall winner. At the same time, BSH was rated for the seventh time in a row as one of the "Top Employers in Germany". We are also ranked among the top employers in Belgium, the Netherlands, Poland and Spain, and have received the "Top Employers Europe" award for the first time.

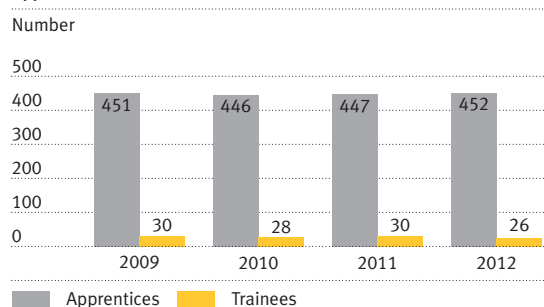
Ensuring effective diversity management is an increasingly important criterion for our attractiveness as an employer: Promoting diversity in staff is firmly embedded in BSH's corporate strategy and plays a key role in its sustainability strategy. With our own Diversity Management department, we have been positioning ourselves as an international company for some years now, and have already formulated targets in eleven countries for their share of international employees and proportion of women in overall headcount figures. In 2012, increasing emphasis was also placed on internationality and diversity in our development pools and programs.

BSH stands for diversity, continuing qualification and learning, and international development opportunities. In 2013, we were awarded the „Top Employers Europe“ prize for the first time.

International personnel development

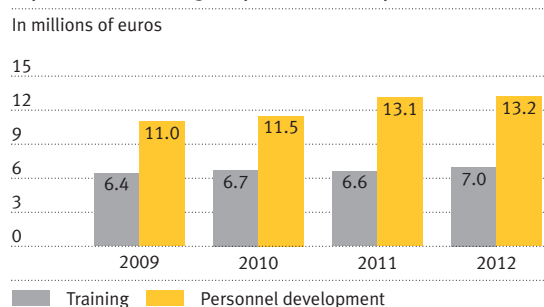
The more international our activities, the more important it is to ensure strategic talent management, so that employees with potential for international careers can be identified and offered attractive development opportunities. To this end, we focused in 2012 on continuing to internationally expand our talent management. At all sites, the annual employee dialog forms the basis for identifying potential and individually developing competencies. Our Junior Executive Pool (JEP) and International Executive Pool (IEP) are systems we have set up to offer development opportunities tailored to selected talents around the world. In 2012, 44 percent of members came from international BSH companies. Approximately 600 BSH employees belonged to the JEP, 30 percent of these being women. The IEP had 85 members, 19 percent of them women. The Senior Executive

Apprentices and trainees*



* Germany only

Expenditure for training and personnel development*



* Germany only

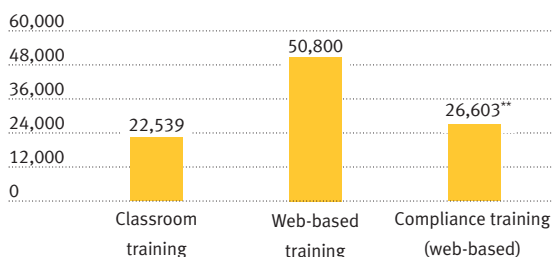


Program (SEP) for members of senior management had 27 members, of whom 33 percent came from international subsidiaries and 19 percent were female. We have successfully introduced a cross-department platform for succession planning in senior management and filling vacancies in key roles that are difficult to recruit for. At the end of 2012, 321 BSH members were sent on international delegations. After increasing by 50 percent last year, the number of those coming to Germany or moving between subsidiaries outside Germany rose again by nearly 15 percent.

In 2012, we extended our Project Management career path in China, France, Spain, Turkey and the United States to also include Poland and Russia. Employees can further develop as Project Managers, Senior Project Managers or Project Directors in product and factory projects and IT support projects. For employees with significant strategic know-how, we have internationally realigned development perspectives of experts. The Group's own BSH Academy runs systematic and demand-oriented qualification courses for all employees. It offers classroom training as well as an online portal for web-based training. To guarantee high quality personnel development at all sites, seven subsidiaries have their own BSH Academies, in addition to Germany.

BSH Academy 2012*

Number of participants



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

** In up to eleven different languages

Building on the foundations of talent management

Throughout the world, we trained 838 young talents for a future career with BSH. An essential component of this development are dual studies in a total of 17 different professions from mechanical engineer to industrial business administrator in Germany. But we also successfully run local vocational training for example in China, Turkey, Slovakia and soon in Spain as well, offering young people the option of acquiring professional qualifications locally. For example, in China, we have trained 649 young people since the program started in 1997. We are therefore considered as a pioneer in the region. BSH offers a course for motivated high school graduates at a cooperative university. Our trainees gain experience working at sites inside and outside Germany in a 12- to 15-month international program,

Excellent Human Resources management

Our success is based on excellent HR work. This is illustrated by the many awards we have won: In 2012, we received the "HR Excellence Award" from the specialist periodical "Human Resources Manager" for our systematic executive development activities. For its outstanding professional learning and qualification management, BSH was honored with the German Education Award as "Company of Excellence". The BSH site in Traunreut (Germany) was awarded the Bavarian government's "JobErfolg 2012" integration prize for the extensive facilities to integrate persons with disabilities. The jury were impressed by the adapted workplace layout, seven percent proportion of persons with a severe disability and integration of workshops for persons with disabilities.



persons with disabilities. The jury were impressed by the adapted workplace layout, seven percent proportion of persons with a severe disability and integration of workshops for persons with disabilities.



which attracted 26 students from ten different countries last year. Our various alliances with selected universities support us in the process of recruiting talented individuals at an early stage as well as retaining them. The students@BSH program provides us with a means of maintaining contact with students who used to work for BSH. To encourage girls to consider a course in a technical discipline, BSH takes part in the annual “Girls’ Day” event, opening the doors of some of its sites in Germany.

Promoting equal opportunities

Around 30 percent of BSH’s workforce – and 19 percent of its managers around the world – are women. To keep increasing this share, we have set clear targets for example for the international trainee program and our development pools. Also various mentoring programs for women have been set up, to increase the number of women in managerial positions. When selecting personnel, we ensure that consideration is given to women who have the same ability and that remuneration is calculated on the same performance scales as men.

In dialog with employees

The employee survey introduced in 2007 is a key instrument for measuring the commitment and satisfaction of our employees every two years. In the year under review, BSH focused on the follow-up activities of the 2011 survey and targeted measures for improvement. In 2012, we rolled out the BSH monitoring tool required for these activities at international level. The tool is now used in 30 countries. In 2013, employees will be surveyed simultaneously for the first time in all 47 countries. Tools such as the Human Relations barometer for employees in the Production function, or the Feedback for managers are further means of encouraging an open exchange of views. After international rollout in the Nether-

lands, Slovenia and Poland, the Feedback tool was also extended to subsidiaries in France and Russia in 2012, and preparations have also been made for rollout in China and Turkey. We have continued to develop the “In Dialog” online platform giving people the opportunity to ask management questions.

Employees or their employee representative bodies are also given the chance to exchange views with the BSH Board of Management via the European Committee set up in 1996 covering all countries. Over 100 employee representatives of regional companies in Europe sit on this information-sharing and consultation forum.

Health and safety at work

Accident figures recorded at BSH worldwide have been going down steadily for years now. In 2012, we recorded a rate of just seven accidents per million working hours for the first time. The topic of occupational safety has been firmly embedded in our processes and procedures for over 20 years. Other factors in helping us achieve this include company doctors at nearly every site, works councils and ongoing awareness campaigns for safe working processes by safety engineers. Every two years, work economists and planners around the world carry out an ERGO check to

International work-life balance models*

Percentage of employees taking up this offer

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

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

In **72%** of our subsidiaries around the world, employees have the option of taking parental leave in addition to maternity leave.

ensure that workplaces at our production facilities are ergonomically set up. The average age of staff has been going up in most industrial countries. To help integrate older employees with health restrictions in the work processes, we have now set up new assembly lines at four production sites in Germany. In future, we will implement the lessons learned at international level.

Social benefits and fairness

BSH generally provides its employees with social benefits calculated on a country-specific basis, which go beyond legal requirements. They are voluntary and are issued taking specific regional conditions into account. In Germany, BSH offers retirement benefits to employees via its own pension fund. In 2012, BSH made payments totaling around 45 million euros from this fund to former employees. In Germany, the employer contribution for lower and middle income groups paid by BSH went up by 22 percent compared with 2011 within the scope of the employee-financed pension fund (Rente-Plus).

The employment of temporary workers enables BSH to cope with peaks in production and offers a certain level of flexibility. 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. As a member of the “Fair Company” initiative, we also guarantee reasonable levels of pay for interns.



Ensuring a balance between work and life

At BSH, ensuring a work-life balance means achieving an equilibrium between work, leisure time and family. BSH attaches importance to ensuring that employees have sufficient time for their private activities and goals in addition to fulfilling their professional tasks. After all, our success is based on having balanced and motivated employees.

Part-time models as a basis

The reasons for part-time employment may be varied and differ depending on the employee's stage of life. BSH offers part-time work models tailored to meet individual requirements, whether it is to support children, look after a dependent or pursue a goal in one's personal or professional development. For example, our employees were able to take advantage of flexible working models, such as part-time working in 60 percent and working from home in 37 percent of our companies worldwide. In Germany, the share of employees working part time in 2012 was 10.5 percent. We also offer the option of taking a sabbatical of up to one year, for example to care for a dependent or fulfill private projects.

Active family support

We developed a number of measures in 2012 to help our employees combine work with family life. For example, the option for employees to take parental leave in addition to maternity leave is offered in 72 percent of all subsidiaries. 86 percent of employees taking up this option in 2012 were women. But men are also increasingly taking advantage of this option. At the Munich site, we generally offer each of the around 2,000 employees a childcare place, in cooperation with several day-care facilities. Compared with 2011, we have increased the number of childcare places by 75 percent and plans to increase this further still are under way. And for the first time in 2012, BSH offered employees at the Munich site the option of care during school holidays for primary school children. We also provide support in combining international careers with family life: At the start of 2013, we introduced support for accompanying partners of expatriates as well as financial assistance for childcare in the foreign country.



» With our environmentally-friendly transportation systems, we've been very successful in reducing CO₂ emissions and costs in the logistics chain. And if trains could also cross the bridge over the Bosphorus, we'd be even further forward. «

Torsten Genehr,
Head of Logistics, BSH Turkey



Going easy on resources says it all for BSH. This applies not only to appliances but also to their entire life-cycle, from production through logistics to disposal.

BSH has been striving consistently to conserve resources and reduce environmental impact since the early 1990s. Innovative logistics concepts boost these efforts considerably. An excellent example can be seen with our two container trains. Since spring 2013 they have been running twice a week between the BSH sites of Cerkezköy (Turkey) and Giengen (Germany). The concept is unique in the sector: A train conveys appliances to the cargo-handling terminal at Giengen, where it is loaded with production materials for the return journey. A single train therefore replaces around 60 trucks.

Consistently ensuring low emissions

When Torsten Genehr, Head of Logistics at BSH Turkey, talks about the various measures taken, it sounds as inspired as it is carefully thought out. The underlying concept is ambitious, utilizing all possible options of reducing CO₂ besides switching to container trains: “We have checked,

tried and tested everything, and are now putting all that we’ve learned into practice, step by step. In the end, the savings generated will be in the six-digit region.” As Head of Logistics, he is responsible for transporting merchandise from the six factories at the BSH site in Cerkezköy in Turkey, which produces over four million large and small home appliances each year. But his work does not just involve exporting and importing appliances – the provision and storage of production materials fall within the overall scope of logistics and supply chain management at BSH. So the integrated concept in Turkey includes a new warehouse in Cerkezköy, which was completed in 2012. It is built to the highest standards in terms of heat insulation, with plans to install solar panels on the 47,000 square meters of roof space.

New transport routes

The two goods and materials warehouses in Cerkezköy cover a total area of over 100,000 square meters. “We serve all markets from here. By ship or rail. A maximum of five percent of appliances leave by truck,” explains Genehr. In his opinion, there is still a need for further optimizing the way goods are transported within Turkey. This is still primarily done by truck. “There is not yet any bridge or tunnel for freight trains to cross the Bosphorus. If this infrastructure was available, we would also handle a lot of our national freight transport operations by rail,” says Genehr with conviction.



Our entire value chain is focused on using resources intelligently, from development through production to the finished product. Our engineers therefore always take into account the substances and materials used, and the amount of energy and water consumed.

Environmentally friendly production

Extensive environmental protection has been an integral component of our value chain for over 20 years now – it is also an important source for innovations. We meet the challenges presented by climate protection by using resources intelligently in production and in our products. BSH's "Resource Efficiency 2015" project launched in 2010 provides an excellent guide in this respect: The aim of the project is to reduce the specific consumption of energy and water resources by 25 percent by 2015 at all production and administrative sites. The project is focusing on the production processes that are similar across all BSH factories, such as injection molding plastics, enameling and pressing. BSH has drawn up technical guidelines on how to work in an energy-efficient way when operating environmentally relevant machinery and equipment, such as pumps, drives, compressed air devices, conveyors, heating and lighting. But savings are also achieved in administrative operations: For example, by disconnecting an old telephone system at the company headquarters in Munich, around 62,000 kilowatt hours of electricity are saved each year.

And by virtualizing servers at the BSH site in Cerkezköy (Turkey), it was possible to reduce the amount of energy consumed by the IT infrastructure by 68 percent.

International management systems

To achieve our challenging targets, we have established clear structures and workflows around the world: 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. All BSH production sites are certified to ISO 9001 (quality) and have an environmental management system. At the start of 2013, the factories in LaFollette (United States) and Callao (Peru) were certified to ISO 14001 (environmental management), thus completing the BSH-wide certification of all sites. Since early 2009, BSH's rules and regulations governing occupational health and safety management have been carefully based on international standard OHSAS 18001.

Product-related environmental protection

Our home appliances are designed to last a long time. So the usage phase has the biggest share of impact on the environment throughout the product lifecycle. As a result, BSH engineers always aim for the lowest possible consumption values when they are developing the products. Back in 1998, we were awarded the environmental prize by the Federation of German Industry for the Product Environment Analysis system (PEA) we developed. In the process of developing new products or further developing existing products, the system aims to improve the environmental aspects and performance indicators of the predecessor model, especially in terms of energy efficiency. We are working on integrating the PEA in the future with the recovery of resources at the end of the product lifecycle, in addition to resource efficiency concepts. One aim is to recirculate materials in production cycles. The Euro-

pean resource efficiency strategy “Reuse-Recover-Recycle” (RRR) also serves the same purpose. This represents an approach that opens up new perspectives in relation to the materials used.

It is important for us to pay great consideration to the use of substances and materials, especially in view of the scarcity of raw materials. Our development engineers are stepping up their efforts to research the use of alternative materials. For example, for our washing machine motors, we only use permanent magnets which no longer come from rare earths but are produced from ferrites.



Bavarian Energy Prize

In October 2012, the BSH cooker factory in Traunreut (Germany) was awarded the Bavarian Energy Prize for its “Energy Efficiency Initiative”. The aim of the initiative is to reduce specific energy consumption by 25 percent in five years. By optimizing the factories and buildings and increasing employees’ awareness, it has been possible for the site to save almost ten million kilowatt hours of energy since 2009 – enough to supply a community of 2,500 inhabitants for a year. Over 170 measures have been implemented so far. The new enameling oven alone saves around 100,000 cubic meters of natural gas a year.



Suggestions from employees

Many of the suggestions and ideas put forward by employees have already resulted in improvements and cost savings. Asking employees for ideas, putting them to specific use and pooling the feedback worldwide is the aim of the company suggestions initiative, which has been operated at BSH right from its foundation. In 2012, BSH launched its fourth annual innovation prize for its employees. The quietest bagless vacuum cleaner was named as the most innovative product. Induction cooktops with an intelligent energy controller for all cooking zones were awarded the prize of Technology of the Year. Every three years, we reward our employees’ innovations in the category of environmental and social responsibility with a special prize within the scope of the BSH Best Practice Award.



Transport and logistics

For many years, BSH has been focusing on environmentally friendly concepts and has set itself the goal of reducing CO₂ emissions in its goods transport activities by 20 percent by 2020 compared with 2006. In 2012, as a key factor in the process, we were able to increase the share of transport by rail or ship by 40 percent compared with 2006. This achievement was helped by the new container terminals at Giengen, Nauen, Traunreut (Germany) and Cerkezköy (Turkey).

While growing numbers of railway operators are stopping single wagon-load traffic, BSH is working on coordinating the transport of goods and materials so that block trains can be loaded with freight. Since 2012, four such trains have been travelling each month from Giengen to Moscow carrying around 165 containers. By switching over to intermodal transport, CO₂ emissions on this route have been reduced by 27 percent. In addition, several times a week, block trains travel to the ports of Hamburg, Bremerhaven, Trieste and back again, as well as to France, to and from Turkey, and from Poland to Germany. There are plans to extend these routes to Spain and Scandinavia. Goods are also transported by ship to China from the ports of Hamburg and Bremerhaven. BSH has also been exploring new avenues

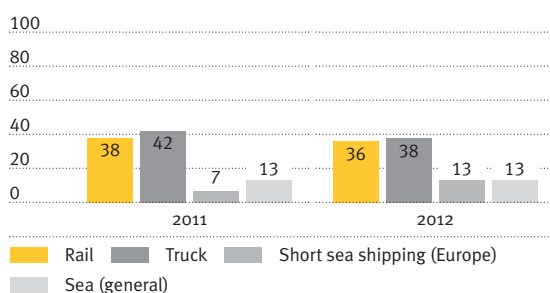
in road freight traffic and, in fall 2012, began transporting its appliances in extra-long trucks in Germany: Each day, the new 25-meter multiple trailer trucks transport 280 large appliances to various sites in Germany from the BSH logistics center in Giengen. The extra-long truck provides 40 percent more transport volume while saving 20 percent in CO₂ per transported appliance compared with conventional trucks. The project forms part of a five-year field test initiated by the German Federal Ministry of Transport.

Environmental aspects in customer service

Many of the 7,000 or so people we employ around the world in the field of customer service are on the road each and every day, generating traffic-related CO₂ emissions. Here too, our target is to reduce emissions. For example, by planning routes to optimize journeys or using low-consumption vehicles. In congested urban areas, where shorter distances have to be covered to visit customers, we are currently piloting electric cars, and in China and India we are using electric scooters. Since 2011, the international BSH spare part warehouse in Fürth (Germany) has also been using the GoGreen service run by Deutsche Post DHL to dispatch spare parts throughout the world: 35 percent of our shipments were dispatched with neutral climate impact in 2012.

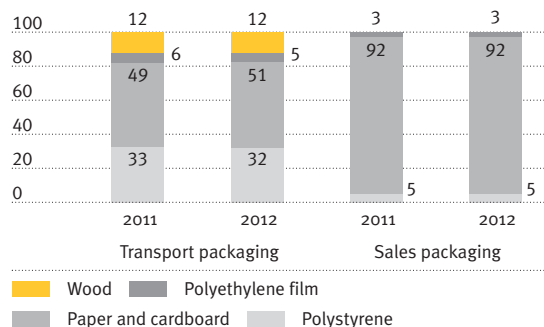
Export transport volume

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



Proportions of packaging materials

In percent (basis kg, Germany)



4 million spare parts were dispatched around the world by BSH in 2012 with neutral climate impact.

Disposal and recycling

As the largest home appliance manufacturer in Europe, BSH is a member of over 20 national takeback 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. Spurred on by positive feedback from this system, we are committed to introducing a standard Europe-wide audit system to ensure recycling quality.

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 is 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.

Economical company cars

Since summer 2011, BSH's company car guideline has been setting clear incentives: Each employee receives a monthly financial allowance if they opt for a vehicle with emissions that fall below the limit of 130 grams of CO₂ per kilometer. This limit is applicable in the European Union as a target value for company cars for 2015. By means of this guideline, BSH aims to promote a shift in awareness throughout the company and contribute to environmental protection at all levels.



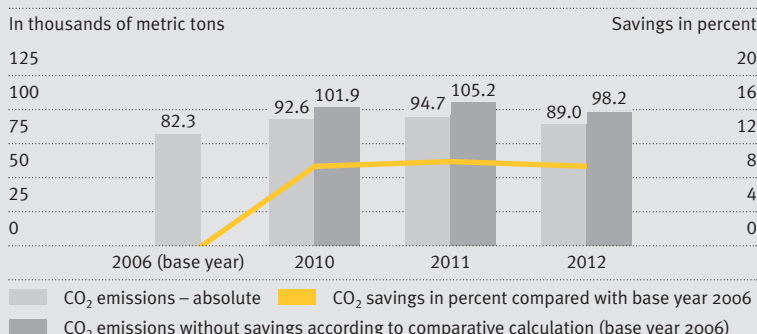
Environmentally friendly goods logistics

The area of transporting goods is growing throughout the world. In Germany alone, the overall volume has doubled since 1990. And BSH has played its role in contributing to these figures. As a pioneer in the sector, it continues to reduce the resultant environmental impact – and be as environmentally friendly and resource-efficient as possible in all areas of the value chain in accordance with its own obligations. We have set ourselves the ambitious target of reducing CO₂ emissions in goods transport activities by 20 percent by 2020 compared with 2006.

CO₂ emissions from transporting finished appliances

Since 2006, we have been calculating our CO₂ emissions from the transportation of finished appliances in accordance with European standard EN 16258. The new calculation reflects all transport from German warehouse locations to recipients around the world. It includes the delivery of goods to retailers in Germany, as well as international transport to the regional warehouses (Scope 3). Essentially by reducing the number of transported goods, the absolute CO₂ emissions in 2012 dropped to 89,048 metric tons compared with the previous year. However, with respect to the base year 2006, fewer emissions were saved than in 2011, which is mainly due to a change in product structure, the temporary stoppage of the train to Russia and a higher share of domestic transport, i.e. by truck, in 2012. Although we were not able to fully offset these negative factors by means of our measures to reduce CO₂ emissions, such as combining the transportation of production materials with finished appliances or using extra-long trucks, we still expect to meet our emission reduction targets for 2020, in particular by systematically optimizing the utilization of transport capacity.

CO₂ emissions – transport of finished appliances



All data has gone up compared to 2011 as an adjustment was made to meet new requirements for tank-to-wheel and well-to-wheel emission factors. CO₂ emissions according to Scope 1 and Scope 2 (carbon footprint) are reported on page 37.



» Energy-efficient home appliances play an important role in the process of moving over to sustainable energies. As a federation, we focus on presenting a whole package of proposals for the government to promote via a specific energy efficiency policy. «

Frauke Rogalla,
Policy Officer Energy Economics,
Federation of German
Consumer Organisations



We create benefit for society in a variety of ways, especially with our energy-efficient home appliances. As a company, we aim to make our innovative technologies available in a growing number of products.

The number of people on our planet is growing relentlessly. And as their standard of living rises, so too does global energy consumption. Society is faced with the challenge of meeting the demand for energy while advancing the cause of climate protection. Super-efficient home appliances are just one example of how significant potential for saving energy can be realized if manufacturers and consumers join forces. Clear information and support from policy-makers are essential for achieving this – and these are the objectives sought by the Federation of German Consumer Organisations.

Political support needed

As an energy expert for the federation, Frauke Rogalla works to promote a comprehensive policy: “Although the government sets minimum standards, it is lagging behind the exponential technical development of appliance manufacturers. By setting clearer and more dynamic regula-

tions, policy-makers could achieve a far greater degree of energy efficiency, in turn saving costs for consumers.” The consumer organizations offer information and consulting concepts for saving energy in households throughout Germany. But Rogalla knows that this is not enough to leverage the available potential of saving energy. She is therefore campaigning on behalf of the federation for programs to encourage the purchase of new efficient appliances – to benefit the environment as well as consumers: “We know from other countries that incentive systems also have a long-term impact. In particular those households that are especially affected by the rise in energy costs should receive financial support to purchase more efficient appliances.”

Using every possible means

60 percent of all possible energy savings within a household can be achieved by purchasing new home appliances. Although obviously, there are other ways as well that should not be overlooked: “Consumers often do their washing at temperatures that are far too high, which gobbles up an unnecessary amount of energy”, explains Rogalla. This places the onus on manufacturers to provide extensive and comprehensible information on consumption and how to use products properly. This means looking at the bigger picture: “Manufacturers and policy-makers should take an overall look at each phase in the product lifecycle in everything that they do: This means looking at the materials they use, the time for which the appliance is used and its environmentally-friendly disposal”, believes Rogalla.

BSH received **300** million euros from the European Investment Bank in 2012 as a loan for developing energy-efficient home appliances.



Achieving the energy transition

If the German government intends to meet its ambitious targets to reduce CO₂ emissions by 30 percent by 2020, we all have to pull together: policy-makers, business and consumers alike. BSH calls for systems to identify energy saving rates combined with premiums for exchanging old and inefficient appliances: The energy savings generated as a result can then be recorded as standard and attributed to the energy provider. If the energy provider manages to exceed their savings target, they could sell the extra kilowatt hours saved for a profit to competitors. What may just sound like an interesting idea to some could very well become a necessity. At the end of 2012, the European Union approved an energy efficiency directive that now has to be transposed into national law by the member states. As a result, it will soon be a requirement to save 1.5 percent of energy a year – measured on the basis of average energy consumption figures from 2010 to 2012.

This would be quite easy to achieve with BSH's super-efficient appliances. Their savings potential is huge. But each year, out of the 41 million fridges and freezers in German households alone, only 1.5 percent are replaced with new high-efficiency products. The price of electricity in Germany has doubled since 2000, yet too few consumers are seeking consistent solutions. To increase consumer awareness, BSH carried out an electricity savings study in 17 German households in summer 2012. The findings were clear: A new energy-efficient fridge, dryer or washing machine consumes up to one third less electricity than an old model that is at least ten years old. By purchasing a new appliance, households can reduce their overall electricity consumption by a quarter all in all. To make it feasible for as many people as possible to enjoy these energy sav-

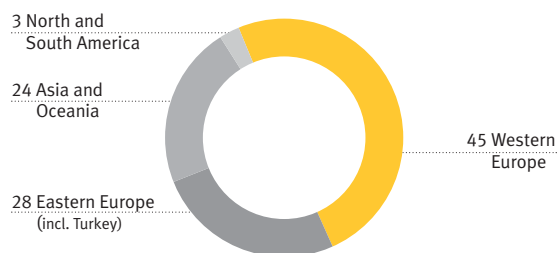
ings, BSH needs policy-makers to introduce intelligent incentive schemes to encourage people to buy super-efficient appliances.

Increasing awareness

We will continue to pursue our various measures aimed at increasing society's awareness of energy efficiency: In Spain, young people are learning more about energy saving through BSH-supported projects in schools. In Dubai, we support the authorities there in increasing public awareness about energy efficiency. In Germany, we have been involved in the "Focus macht Schule" project for many years and produce the corresponding teaching materials for pupils. We also lobby for greater energy efficiency in Germany via sector organization ZVEI, holding intensive discussions with policy-makers and environmental associations alike. BSH joined the Deutsche Unternehmensinitiative Energieeffizienz e.V. (DENEFF) back in 2011, a network of pioneering companies. Since fall 2012, we have been a member of the EEBUs e.V. initiative, working together with technology companies and energy providers to turn tomorrow's electricity network, known as the Smart Grid, into a marketable concept and actively contribute to the energy revolution.

Procurement of production materials by region 2012

In percent





In the Philippines, BSH has been supporting a vocational training center for engineers since 2012. As a result we are securing locally qualified talents for our customer service, while enabling young people to obtain a training qualification.

Responsible Value Creation

In all regions in which we operate, we make an important contribution to society by providing apprenticeships and jobs and awarding contracts to the local economy. A current example is the development of our customer service business in the Philippines: To ensure qualification of our employees, we work in conjunction with the college in Manila to offer three-week training courses to become home appliance engineers,

and in turn create new development opportunities. We sponsor young people from less well-off families who cannot afford to attend any courses, by providing a grant.

We pay taxes and duties in line with the value added operated at the site. At our 26 procurement locations worldwide, we favor domestic suppliers in order to avoid currency risks and customs duties, and to keep the transport routes short. In new markets, we encourage suppliers to set up base at our sites and support them in their environmental management and occupational health and safety processes. Since 2007, BSH has obliged its suppliers to commit to the company's own Code of Conduct which sets specific social and ecological standards. The Code is built on the principles of the UN Global Compact and conventions of the International Labour Organization (ILO). All suppliers are obliged to accept our Code of Conduct. In future, they will also be obliged to present a certificate to show that they have successfully completed a social audit covering all criteria of the Code of Conduct.

Corporate Responsibility in the supply chain

To make sure that suppliers comply with social and environmental standards, BSH has set up structures to coordinate CR-related activities at suppliers' sites in addition to the mandatory Code of Conduct. Risk analyses have been carried out to assess the various procurement markets and supplier sectors based on CR aspects, and have identified the corresponding areas requiring action. External auditors in the main procurement regions for BSH then began to check the suppliers of plastic, metal and synthetic parts, whether the requirements of the BSH Code of Conduct are being implemented in terms of environmental protection, child labor, forced labor and health and safety of workers. In future, all existing BSH suppliers of production materials will be audited. They will only be engaged on presentation of a corresponding certificate. A newly set up BSH team coordinates the audits at supplier sites and monitors whether the corrective measures are being duly carried out.

Helping through donations

BSH Katastrophenhilfe e.V., the company's disaster relief fund, was founded in 1999. Since then, BSH employees and the company have donated over 1.5 million euros. In addition, BSH Russia donated 12,500 euros for the victims of the flash floods in the Russian region of Krasnodor as well as 500 kettles and 130 washing machines to help equip the new homes. Other BSH sites and subsidiaries are also involved in numerous local projects and provide support including product donations for good causes in society. A benefit concert was held at the site in Nauen (Germany), raising funds of 4,500 euros for SOS Children's Villages.

Facts and figures provide evidence of our progress. Measurable indicators enable us to control and improve our sustainability performance consistently. This year, too, BSH has set itself challenging targets on the basis of Group-wide key performance indicators. For more detailed information on all indicators of the Global Reporting Initiative (GRI), please refer to the GRI balance sheet on our website.

Financial

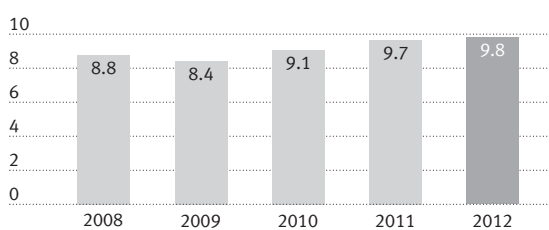
5.6 percent more earnings before interest and taxes (EBIT) were generated by BSH in 2012.

Sales trend

During the year under review, the BSH Group posted sales of 9.8 billion euros – 1.5 percent up on last year's figure. In Germany, the Group's sales revenue stood at 2.2 billion euros, an increase of 4.3 percent. The proportion of Group sales revenue generated outside Germany (7.6 billion euros) was 78 percent (previous year: 79 percent).

Sales trend

In billions of euros

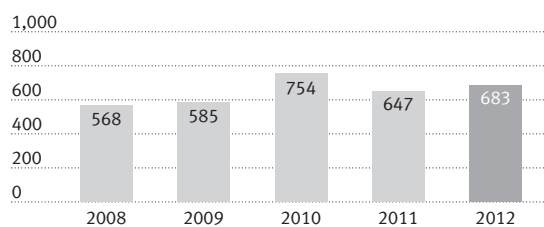


Earnings, taxes and subsidies

In 2012, earnings before interest and taxes (EBIT) amounted to 683 million euros (previous year: 647 million euros), equivalent to 7.0 percent of sales (previous year: 6.7 percent). The 2012 tax rate for the Group as a whole was 24.5 percent. The Group's total income tax expense amounted to 151 million euros, 76 percent of which is attributable to Western Europe and 12 percent thereof to Germany. Outside Germany, BSH incurred 19 percent of its tax expense in Eastern Europe and five percent in Asia and the Americas. BSH companies in Germany paid 50 million euros in tax in the year under review. In 2012, we claimed around 17 million euros in subsidies for investments from governments around the world.

EBIT

In millions of euros

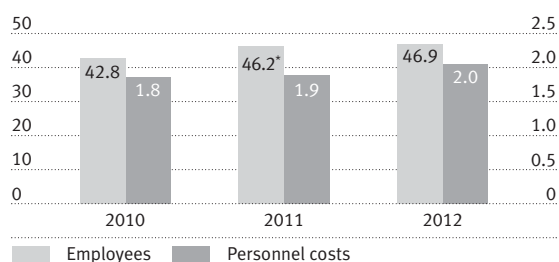


Employees and personnel expenses

As of 31.12.2012, the Group's total global headcount, including apprentices, stood at 46,925 (14,642 in Germany and 32,283 elsewhere), some 1.5 percent more than at the end of December 2011. Most new employees were hired in Russia, Turkey, Poland and the United States. There were slight decreases in China, Spain and Greece. Total personnel costs amounted to a total of 2.0 billion euros.

Employees and personnel expenses

Employees in thousands Personnel costs in billions of euros



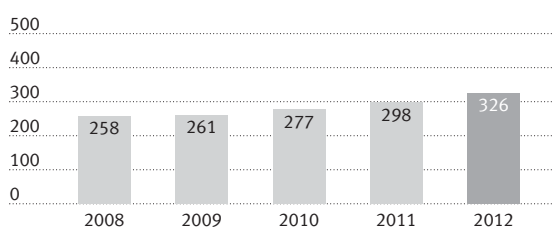
* Number of employees adjusted in line with a change in the HR policy

Research and development expenses

The Group increased its expenditure for research and development by 9.4 percent to 326 million euros in the year under review. This figure represents 3.3 percent of sales, enabling BSH to maintain its favorable position in the international competitive arena. In 2012, the number of employees in R&D increased by 9.2 percent to 2,999. Of this number, 1,641 worked in Germany.

Research and development expenses

In millions of euros (excluding investments)

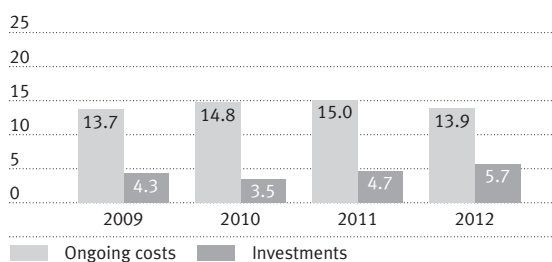


Environmental costs

Ongoing operational expenditure throughout the Group for environmental protection (operating expenses, capital costs, personnel expenses and charges) dropped by 7 percent to 13.9 million euros in 2012. Most of this was spent on waste management (40 percent) and soil and water protection (26 percent), while the costs of air purification, climate protection and noise abatement amounted to 13 percent. 93 percent of BSH's environmental costs were incurred at the European factories, 77 percent thereof in Germany. Investments relating to environmental protection rose by 21 percent to a total of 5.7 million euros in 2012. 91 percent of these investments were made at European locations, 37 percent thereof in Germany. Water and soil protection, air purification and climate protection projects accounted for the major share of 70 percent.

Environmental costs

In millions of euros



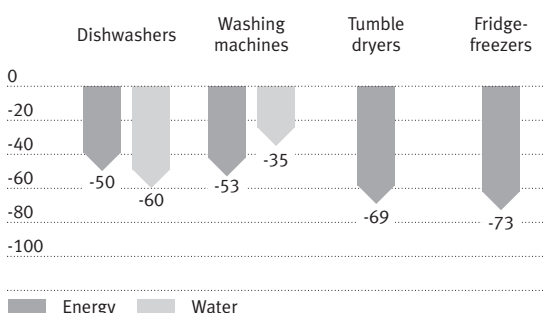
Resource-efficient products

By developing low-consumption home appliances, BSH is making a decisive contribution to protecting the climate and helping customers cut their electricity bills. In recent years, we have substantially reduced the consumption figures of our home appliances. Today a tumble dryer uses around 70 percent less electricity than a comparable model from 15 years ago. 38 percent of all washing machines sold by us in Europe in 2012 are classified as energy efficiency class A+++ in accordance with the EU energy label introduced in December 2010. We have a range of appliances in this class that consume less than half the amount of electricity of comparable models from 1997. By using state-of-the-art technology, we have cut the electricity consumption of our most efficient fridge-freezers by 73 percent over the last 15 years. Nearly two-thirds of our electric ovens qualify for our Super Efficiency Portfolio, being at least 20 percent more frugal than the criteria for energy efficiency class A. We have also reduced the water consumption of our appliances substantially over the last 15 years: the most economical washing machines consume over a third less. Our most efficient dishwashers now use just six liters of water for each cycle.

4 million home appliances from BSH's Super Efficiency Portfolio were sold in 2012.

Reduction in resource consumption, 1997 through 2012

In percent*



* Comparison between the consumption values (standard program) for our best 2012 models (Bosch and Siemens) and comparable 1997 models (Bosch and Siemens) (electric cookers: 1999)

Environmental

Energy consumption

Total energy consumption during the year under review was 775 gigawatt hours (GWh), 6 percent down on the previous year's figure of 824 GWh. The proportion of electrical energy was 58 percent, a year-on-year increase of 2 percent. The consumption of natural gas, used primarily to provide building and process heating, fell by 4 percent in 2012. Gas accounted for 31 percent of total energy consumption. 11 percent of energy requirements were covered by district heating, 27 percent of which came from renewable biomass. The specific energy consumption went up slightly compared with 2011 by 599 kilowatt hours (kWh) per metric ton of product due to lower product tonnage and change in product portfolio.

93 percent of BSH's total waste was reusable in 2012.

Energy consumption

Per metric ton of product in kWh



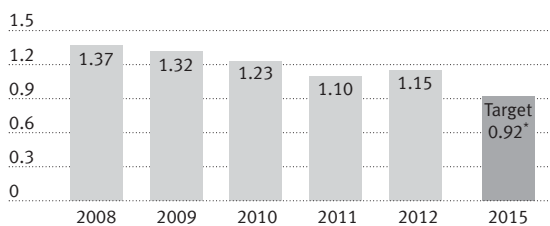
* 25 percent reduction in specific energy consumption from 2010 to 2015

Water usage

Water demand fell by 3 percent in 2012 to 1.49 million cubic meters (m³). As in the previous year, the factories drew two thirds of their fresh water from the public network and one third from their own drinking water supplies. The wastewater from production processes, which makes up

Water usage

Per metric ton of product in m³



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

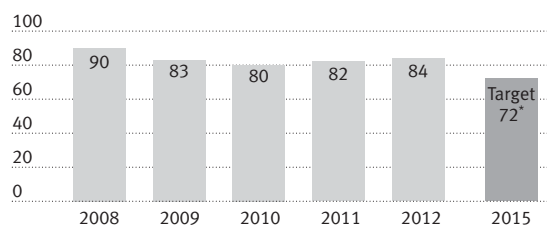
42 percent of the total wastewater produced by the factories, undergoes physicochemical pre-treatment. 15 percent of the total wastewater volume was discharged directly into surface watercourses in purified form, while the larger proportion of 85 percent was sent to public treatment plants. The specific water consumption went up compared with the previous year by 4.5 percent to 1.15 m³ per metric ton of product due to lower product tonnage and change in product portfolio.

Waste

The total volume of waste generated by the BSH Group fell by 5 percent to 108,000 metric tons. Separate collection of paper and cardboard, plastics and films, glass, wood and metal waste is standard practice in all factories. The proportion of total waste that can be reused went up in 2012 to 93 percent. Hazardous waste slightly decreased to 1.6 percent of the total waste volume. The specific indicator went up compared with 2011 by 2.4 percent to 84 kg per metric ton of product due to lower product tonnage and change in product portfolio.

Waste

Per metric ton of product in kg



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

Emissions

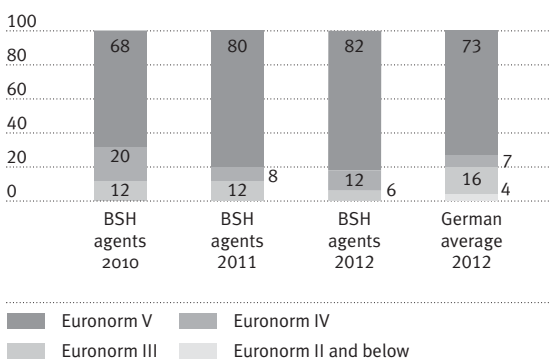
Emissions of volatile organic compounds (VOCs) are low due to the use of powder coatings, aqueous coating systems and pre-coated metal sheets for most applications. VOC emissions in 2012 were 77 metric tons. Sulfur dioxide emissions result from the sulfur content of fossil fuels and, in view of the predominant use of low-sulfur gas and heating oil, are not reported separately. Emissions of nitrous oxides can be influenced by heating technology and, at 31 metric tons, were extremely low in 2012 due to the use of optimized furnaces. The figures for production-related emissions of CO₂ at BSH sites (Scope 1) are shown on page 37.

Vehicle fleet

To reduce noise levels and harmful substance emissions during the transportation of its products by truck, BSH made “Euronorm II or better” its target standard as early as 2001. For the fourth consecutive year, every truck in the fleets operated by BSH’s shipping agents exceeded the requirements of Euronorm II. In 2012, the proportion of vehicles meeting Euronorm IV or higher rose to 94 percent, exceeding the average figure for Germany as a whole by 14 percentage points. Our logistics function at BSH began managing the delivery of direct material to our factories as well as the transport of products in 2009 to facilitate the optimum coordination of incoming and outgoing consignments.

Vehicles meeting Euronorm II through V

As a percentage of the trucks in operation

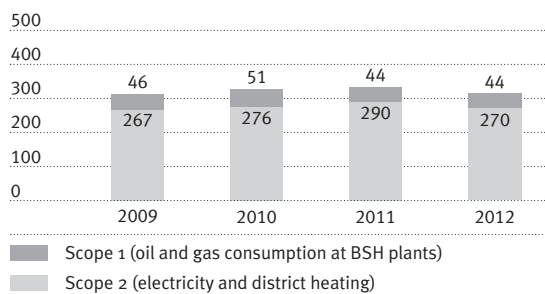


Carbon Footprint

Since 2006, BSH has been measuring its carbon footprint for the Group’s operating activities according to the international standard of the Greenhouse Gas Protocol, developed by the World Business Council for Sustainable Development and the World Resources Institute. In 2012, the carbon footprint at BSH amounted to 314,000 metric tons of CO₂, 6.4 percent lower than in 2011 (334,000 metric tons). Around 14 percent of this total comes from direct emissions linked to oil and gas consumption at the BSH factories (Scope 1). As indirect emissions, requested from the energy provider, the electricity consumption of the production sites and their district heating supply accounts for 79 percent of CO₂ emissions and that of office sites for 7 percent (Scope 2). This gives a specific indicator – CO₂ emissions in relation to production volume – of 243 kilograms per metric ton of product (previous year: 241 kg). For instance a home appliance

CO₂ emissions

In thousands of metric tons



weighing 60 kg can account for an average of around 15 kg of CO₂ emissions from BSH production (Scope 1 and 2).

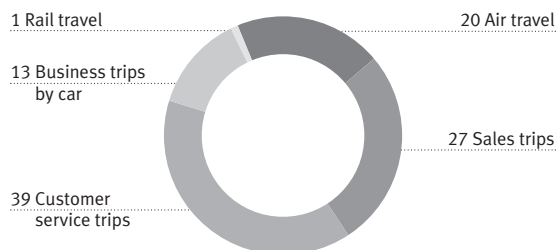
Travel-related CO₂ emissions

From the Corporate Value Chain Standard (Scope 3), only the emissions resulting from activities within BSH’s immediate sphere of influence are considered. CO₂ emissions from travel and customer service trips amounted to 51,000 metric tons in 2012. 20 percent of these emissions were attributable to air travel, 79 percent to car journeys and 1 percent to rail travel. The data for this Scope 3 reporting was extrapolated to the Group as a whole from verified regional reports (Germany and Europe). Rental cars and leased cars are used for most business travel undertaken for customer service, sales and other business purposes. Travel-related CO₂ emissions from the transport of finished goods (Scope 3) are shown on page 29.

6.4 percent of CO₂ emissions were saved by BSH in 2012 compared to 2011.

Travel-related CO₂ emissions in 2012

In percent



Input-output balance sheet

The data presented for the input and output flows covers all sites and factories at which BSH carried out production activities during the year under review (ending December 31, 2012), including development sites and headquarters in Munich. The washing machine factory in Berlin (Germany) is no longer included, as it was closed in July 2012. On the basis of the input-output balance sheet, we record all the environmentally relevant material and energy flows past our factory gates. All the significant envi-

ronmental aspects of activities at BSH's sites are therefore presented in the form of figures. The continuous and structured recording of environmentally relevant data is an important prerequisite for identifying potential improvements. From the total amounts, BSH derives specific indicators by calculating consumption and emissions in relation to the tonnage of appliances produced. BSH therefore records its data in accordance with the guidelines for recording environmental assessment data set out in international standard ISO 14031.

Input flows		2010	2011	2012	Unit
A	Fixed assets				
A 1	Land	4,431,365	4,507,297	4,278,568	m ²
A 1.1	Developed	1,928,949	2,083,330	2,096,897	m ²
A 1.2	Undeveloped	2,502,416	2,423,967	2,181,671	m ²
A 2	Percentage developed	44	46	49	%
B	Current assets				
	Environmentally relevant substances				
B 1	Raw materials ¹	786,177	817,642	756,644	t
B 2	Auxiliary materials ²	16,000	15,981	84,639	t
B 3	Process materials ³	3,012	2,828	5,589	t
B 4	Energy	849,770	824,148	774,816	MWh
B 4.1	Electrical energy	455,801	463,601	450,465	MWh
B 4.2	Light heating oil	3,754	481	2,887	MWh
B 4.3	Gas	273,397	248,915	239,178	MWh
B 4.4	Others (district heating, wood, etc.)	116,818	111,151	82,286	MWh
B 5	Water	1,605,636	1,527,665	1,489,619	m ³
B 5.1	From public supply	1,083,464	1,002,760	973,870	m ³
B 5.2	From own supply	522,172	524,905	515,749	m ³
Output flows					
C	Products				
C 1	Products (number)	44,746	48,182	47,018	Thousands of items
C 2	Products (tonnage)	1,307	1,390	1,294	Thousands of t
C 3	Packaging	86,671	89,053	85,531	t
C 4	Waste	104,963	114,046	108,464	t
C 4.1	Waste for disposal	8,086	8,534	7,819	t
C 4.1.1	of which hazardous waste	2,227	2,012	1,721	t
C 4.2	Waste for recycling	96,877	105,512	100,645	t
	Percentage recycled	92	93	93	%
C 5	Waste water	1,426,287	1,344,615	1,186,203	m ³
C 5.1	of which directly discharged	402,251	354,057	179,324	m ³
C 5.2	of which indirectly discharged	1,024,036	990,558	1,006,879	m ³
C 5.3	of which treated in neutralization plants	494,877	474,738	495,956	m ³
C 6	Vaporous or gaseous emissions				
	Organic substances	68	68	77	t
C 6.1	Volatile organic compounds (VOCs)	68	68	77	t
	Inorganic substances	50,574	44,290	44,256	t
C 6.2	Nitrous oxides	42	38	31	t
C 6.3	Carbon dioxide (Scope 1)	50,532	44,252	44,225	t
C 6.4	Carbon dioxide (Scope 2)	276,488	290,215	269,906	t

¹ Metals (steel, copper) and plastic granulates ² Paints, enamels ³ Oils, emulsions, solvents, acids and caustic solutions

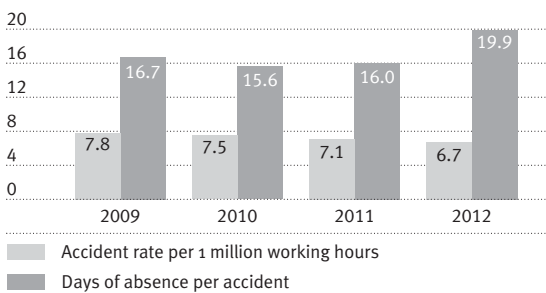
Social

Occupational health and safety

Since 2000, BSH has been reporting the incidence of accidents on the basis of standard criteria defined centrally. Accidents are reported that occur at work in the factories and result in at least one day's absence. The rate of accidents per million hours worked – as an indicator of accident frequency – fell again compared to the previous year to 6.7, its lowest ever level. Since 2009, the occupational health and safety management systems adopted by our factories have been closely aligned with international standard OHSAS 18001. The recording and evaluation of near misses and hazardous situations is becoming increasingly important as a way of preventing accidents and instilling a sustainable culture of safety. Since 2007, BSH's occupational health and safety statistics have also included a separate section for accidents involving employees of external companies. In the year under review, there was a fatal accident at a construction site of a future BSH property under the responsibility of the contracted construction firm.

Incidence of accidents at BSH around the world

Accidents resulting in at least one day's incapacity



Employee structure and employment

The average age of our workforce around the world rose slightly to 38.4 years in 2012. The average period of employment decreased slightly to 10.3 years compared with the previous year. At around 16 years, the figure is particularly high in Germany, whereas the European average has gone down 2 years to 12 years. In total, BSH created some 700 new jobs in 2012. BSH employed 838 apprentices and trainees around the world in 2012 (previous year: 836). The proportion of severely disabled people employed at BSH's German locations stood at 5.2 percent, thus higher than the legal minimum of 5 percent.

Social benefits

In the countries in which BSH operates, it sets the pay levels of its employees in line with the local market income and legal framework conditions. Voluntary social benefits are not standard across the entire Group, but vary according to regional requirements and regulations. In 2012, BSH recorded data on the provision of additional social benefits in 59 companies based in 47 countries. In 85 percent of our companies, we provide social benefits primarily through contributions to the state social insurance system. BSH also offers additional benefits on a voluntary basis, such as the additional health insurance available to our employees in nearly two thirds of our companies. Apart from our German companies, we offer a company pension scheme in a further 37 companies. Our employees in about 50 percent of the companies have access to a company medical service as well as health promotion programs including sporting activities or nutritional advice.

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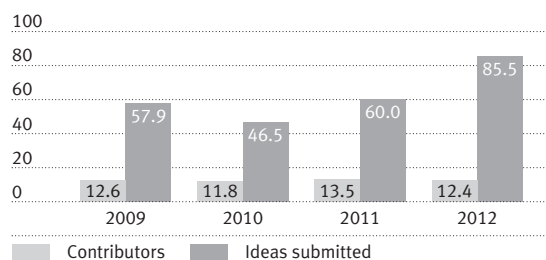
apprentices and trainees were employed by BSH in 2012.

Company suggestions initiative

BSH's company suggestions initiative ("top idea") is an important feedback tool. It was established in 17 countries in 2012, 13 of which used the same software "idea-channel". 12,350 employees contributed a total of 85,352 creative ideas under the scheme in 2012. This means that 31 percent of the total workforce of 39,877 with access to "top idea" participated in the initiative, submitting an average of 2.14 ideas. The proportion of implementable suggestions for improvement was nearly at 60 percent. From all the ideas submitted over the past decade, BSH has accrued a net benefit in excess of 215 million euros. Over 11 million euros of these savings were generated in 2012 alone.

Company suggestions initiative

Contributors and ideas submitted in thousands



Objectives for 2012*	Objectives achieved in 2012	Objectives for 2013
Sustainable corporate governance		
Communicate the sustainability strategy throughout the Group and hold workshops to implement it in the different departments (Sales, Procurement, etc.)	CR presentation posted on the intranet for all employees around the world; workshops on CR strategy held in Belgium, Spain and Turkey; "Sustainability@Functions" workshops in the Sales area	Integration of customer satisfaction KPIs into Business Planning; assessment of sustainability risks in the corporate risk management process; "Sustainability@Functions" workshop in the Procurement area
Environmental management		
Conduct corporate audits at nine sites	Achieved: Eleven sites were audited.	Conduct corporate audits at nine sites
Complete ISO 14001 certification of the St. Petersburg site	St. Petersburg (Russia), LaFollette (United States) and Callao (Peru) certified: so all BSH sites are now certified to ISO 14001.	ISO 50001 certification (energy management) at two sites
Improve the data quality for BSH warehouses	Energy consumption data at office sites around the world collated	Collate data from factory sites each quarter (compare with respective quarters in the previous year)
Site-related environmental protection		
Ongoing process of reducing specific energy and resource consumption in line with the Resource Efficiency Program 2015 – Energy target: 586 kWh/t (-5% annual reduction based on 2010 figures) – Water target: 1.10 m ³ /t (-5% annual reduction based on 2010 figures) – Waste target: 77 kg/t (-2% annual reduction based on 2010 figures)	Development achieved in specific energy and resource consumption in line with targets set in 2012: – Energy: +2% (599 kWh/t) – Water: +5% (1.15 m ³ /t) – Waste: +9% (82 kg/t)	Ongoing process of reducing specific energy and resource consumption in line with the Resource Efficiency Program 2015 – Energy target: 553 kWh/t (-5% per annum) – Water target: 1.04 m ³ /t (-5% per annum) – Waste target: 76 kg/t (-2% per annum)
Implement site-specific environmental objectives and programs in air pollution control and climate protection, soil and water conservation, waste management and communications	46% of factories exceeded the energy targets, 56% exceeded the water targets, and 44% exceeded the waste targets.	Ongoing; greater resource efficiency in energy consumption based on the guidelines developed by BSH
Product-related environmental protection		
Support the implementation of the new WEEE Directive in the EU member states	Implementation of the new WEEE Directive in the EU member states successfully supported	Ongoing
Continue to improve the consumption values of home appliances	Achieved (see page 35)	Ongoing
Introduce database for monitoring RoHS compliance (use of hazardous materials)	Project to introduce database for monitoring RoHS compliance was carried out.	Develop and roll out database for monitoring RoHS compliance
Employees		
Roll out corporate talent management in all countries; implement BSH leadership qualification program at key BSH subsidiaries, focusing on Asia	Corporate talent management processes and tools rolled out for a target group in all countries; BSH leadership qualification program rolled out in eight of the main subsidiaries, including China and Asia-Pacific region	Redesign the Junior Executive Pool (JEP), focusing on internationality; redesign the qualification measures of the International Executive Pool (IEP) in line with current trends
Support strategically relevant Group initiatives by implementing standardized qualification concepts and processes worldwide	Implementation continued, e.g. in Sales, Key Account Management and Compliance for Managing Directors around the world	Extend courses and training offered by BSH Academy in area of Change Management Consulting
Incorporate the issue of demographic change into the leadership qualification program	Management qualification program extended to include health management	
Use the monitoring tool in 29 countries to document the measures relating to the employee survey	Monitoring tool used in 30 countries; around 75 percent of measures already implemented	Conduct employee survey in 47 countries (around 47,000 employees), further roll out monitoring tool
Gain additional recognition by winning the international Top Employers awards (CRF Institute) in Poland, the Netherlands and Spain; expand university relations activities; pilot the university relations marketing concept in selected departments; redesign the career pages on the website	Certified as Top Employer (CRF Institute) in Germany, Spain, the Netherlands and Poland; intensified cooperation with universities with systematic integration of particular specialist areas; eight Germany Scholarships awarded; relaunch prepared for career pages on website	Certification as Top Employer in Belgium and win „Top Employers Europe“ award; establish a standardized system of exchanging experience around the world on the topic of university relations marketing (with Poland, Spain, China, Turkey); expansion of national university relations marketing concept
Implement extended diversity activities and roll them out internationally	Diversity embedded in business plan: targets set with respect to the proportion of international employees and women in eleven countries and for the Product Areas; proportion of female managers in pools increased; proportion of employees exchanged internationally increased by 15%; stage of life working models extended	Roll out diversity activities internationally and step up communication on diversity; publish brochure on part-time trends; expansion of support for accompanying partners of expatriates; increase number of childcare places in Munich
		Develop an international Human Resources (HR) indicator system to support and guide HR strategies, focusing on standard definitions of indicators and standard methods for collating data

* As published in the 2011 Sustainability Report

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listed below are available in German and English:

- Group Annual Report 2012
- BSH at a Glance 2013

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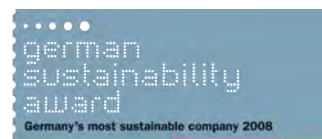


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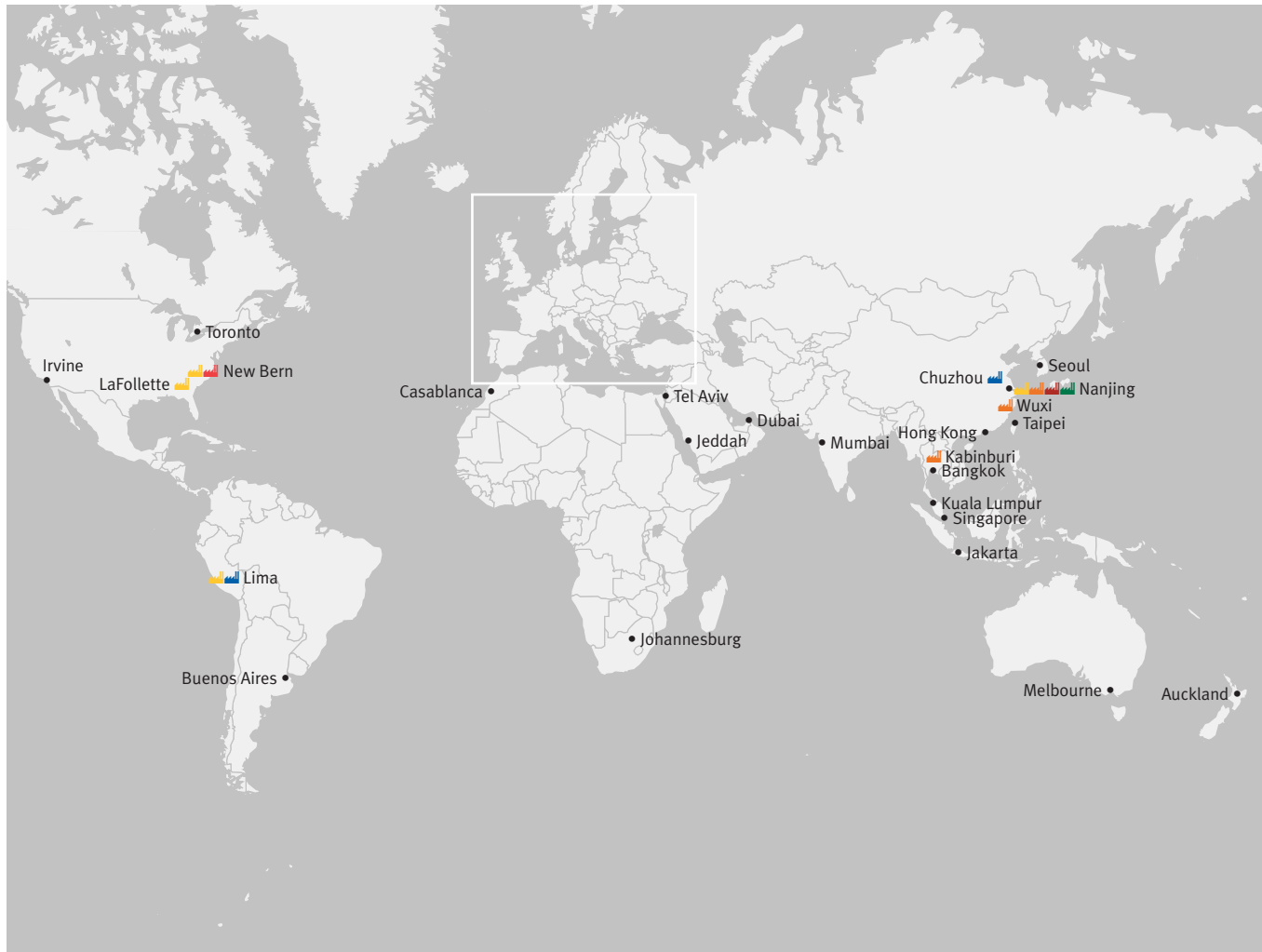
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BSH worldwide



- ★ 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
Germany	Bad Neustadt Bretten Dillingen Giengen Nauen Traunreut	Greece	Athens	Thailand	Kabinburi
		Peru	Callao (Lima)	Turkey	Çerkezköy
		Poland	Lodz (2)	USA	New Bern LaFollette
		Russia	St. Petersburg		
		Slovakia	Michalovce		
		Slovenia	Nazarje		

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