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Sustainability Report 2011

Top Performance. With Responsibility.



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 economic management. This report covers all BSH sites around the world. It discusses recent achievements and developments at the Group and presents the environmental and staff-related indicators for fiscal year 2011. The final deadline for contributions to this report was April 30, 2012. This report follows the latest 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 concise summary of our progress in implementing the Global Compact principles, at:



→ [www.bsh-group.com](http://www.bsh-group.com) → What we stand for → Responsibility → Global Compact

### Brands

#### Main Brands



#### Special Brands



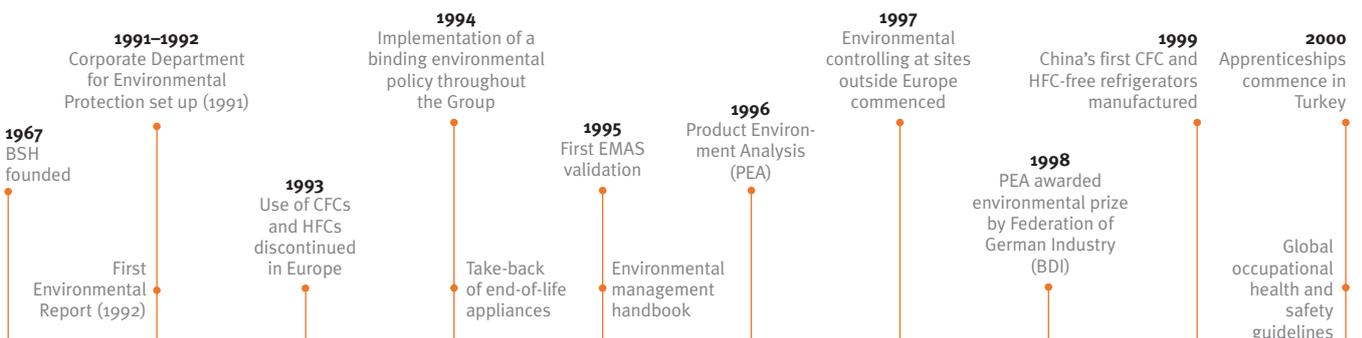
#### Regional Brands



For more information about BSH and its brands, see BSH's 2011 Group Annual Report or visit its website at:

→ [www.bsh-group.com](http://www.bsh-group.com)

### Milestones 1967–2011



## Indicators at a glance

|                                                                         | 2009   | 2010   | 2011   |
|-------------------------------------------------------------------------|--------|--------|--------|
| <b>Financial</b> in millions of euros                                   |        |        |        |
| Sales revenue                                                           | 8,405  | 9,073  | 9,654  |
| Earnings before interest and taxes (EBIT)*                              | 585    | 754    | 647    |
| Capital expenditure on fixed assets**                                   | 294    | 403    | 453    |
| Expenditure for research and development*                               | 261    | 277    | 298    |
| <b>Environmental</b>                                                    |        |        |        |
| CO <sub>2</sub> emissions (Scope 1 & 2) per metric ton of product in kg | 263    | 250    | 241    |
| Energy consumption per metric ton of product in kWh                     | 673    | 650    | 593    |
| Water usage per metric ton of product in m <sup>3</sup>                 | 1.32   | 1.23   | 1.10   |
| Environmental costs in millions of euros                                | 18.0   | 18.3   | 19.7   |
| <b>Social</b>                                                           |        |        |        |
| Number of employees                                                     | 39,626 | 42,841 | 45,620 |
| Percentage of women                                                     | 28.4   | 28.8   | 29.1   |
| Personnel expenses in millions of euros*                                | 1,688  | 1,807  | 1,893  |
| Expenditure for training and personnel development in millions of euros | 17.4   | 18.2   | 19.7   |

\* 2005 – 2010 values after adjusting the reporting of interest expense and income from plan assets from pension, semi-retirement and long service bonus obligations. See the Notes to the Consolidated Financial Statements for further explanations in the Annual Report.

\*\* Excluding goodwill.

## Selected awards in 2011 and 2012



Climate Protection  
Company  
Germany



Green Planet Award  
Russia



Environmental Award  
France



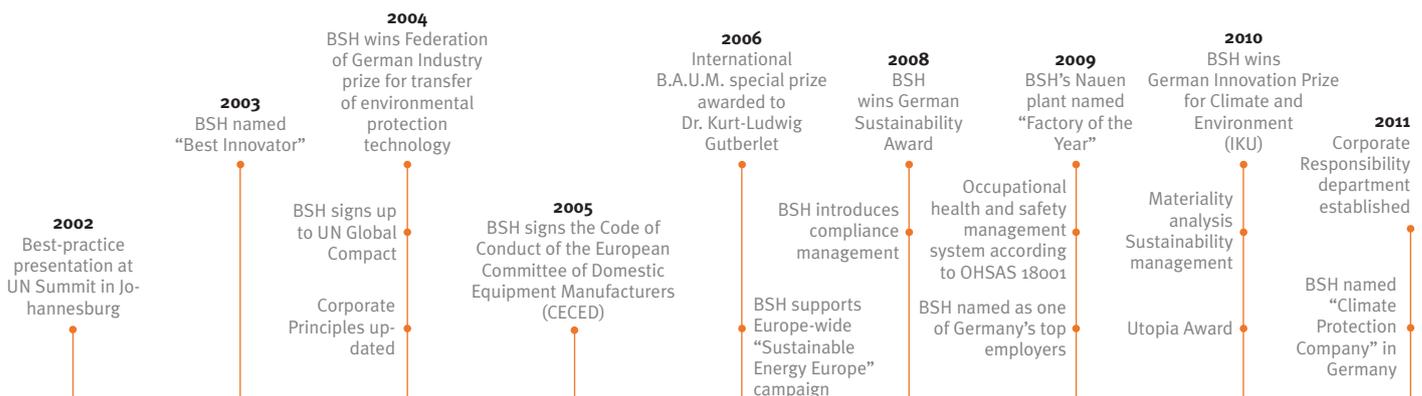
Environmental Award  
Switzerland



Lean and Green  
Efficiency Award  
Netherlands



Best Ranking  
Performers Call Center  
and Customer Service  
Turkey





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**Total Commitment.**

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**Top Performance.**

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**With Responsibility.**

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Excellent and committed employees are what defines BSH Bosch und Siemens Hausgeräte GmbH. Today more than ever before, they are the force behind the outstanding performance of our products and solutions, laying the foundations for our business success. At BSH, everything we do is also guided by our inherent sense of environmental and social responsibility. In our Annual Report and in our Sustainability Report, we show how business success and corporate responsibility go hand in hand.

Both reports are available as PDF files on our website:

➔ [publications.bsh-group.de](http://publications.bsh-group.de)

## Contents

|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                        |           |
|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
|                                                                                     | <b>Foreword</b> — We can look back with pride on 2011, a year that brought us strong growth worldwide, new jobs and numerous awards, including being recognized as a “Climate Protection Company” by the German Federal Government.                                                                                                                                                    | Page 2    |
|    | <b>The company</b> — BSH has a clear goal: to be the most innovative company in the sector.                                                                                                                                                                                                                                                                                            | Page 4    |
|    | <b>Sustainable corporate governance</b> — Sustainable corporate governance calls for a business model that is respected by society. We must conduct our business in a way that enables us to meet the challenges of the future while satisfying the demands of our customers and other stakeholder groups.                                                                             | Page 6    |
|   | <b>Products and customers</b> — Our super-efficient home appliances combine low consumption with maximum convenience. BSH communicates effectively with customers and retailers by providing transparent information and reliable consumption declarations. After all, trust in our performance is our most valuable asset.                                                            | Page 12   |
|  | <b>Employees</b> — BSH aims to be an attractive employer in all regions. We want to recruit and retain the most suitable employees around the world so that we can continue to grow dynamically. To this end, we offer excellent qualification and personnel development to foster individual skills.                                                                                  | Page 18   |
|  | <b>Environment</b> — Protecting the environment also cuts costs. BSH was quick to recognize that. Now that raw materials are becoming scarcer and energy costs are rising, our global environmental management strategy is proving a real competitive advantage. In production and administration, we aim to achieve a global reduction of 25 percent in our use of resources by 2015. | Page 24   |
|  | <b>Society</b> — Innovations will shape the future and determine whether sustainable energy transformation is achievable. BSH is playing its part – with super-efficient appliances and intelligent technologies that make it easy to save energy, tapping the huge potential that still remains to cut household energy bills.                                                        | Page 30   |
|                                                                                     | <b>Indicators</b> — Facts and figures provide evidence of our progress. This year, too, BSH has set itself challenging targets on the basis of Group-wide key performance indicators.                                                                                                                                                                                                  | Page 34   |
|                                                                                     | <b>BSH worldwide</b> — Sites at a glance, and the status of our environmental management certification.                                                                                                                                                                                                                                                                                | Back flap |
|                                                                                     | <b>Contacts</b> — at the Group’s Munich headquarters                                                                                                                                                                                                                                                                                                                                   | Back flap |



“In the future, the intelligent consumption of centrally and decentrally generated energy and the widespread use of super-efficient appliances will become increasingly important – and we intend to play an active role in shaping this development.”

Dr. Kurt-Ludwig Gutberlet



“To be a reliable partner for customers and retailers around the world, we must provide transparent and credible information: in this respect, we’re leading the sector.”

Jean Dufour

## Dear Reader,

We can look back with pride on 2011, a year that brought us strong growth worldwide, new jobs and numerous awards, including being recognized as a “Climate Protection Company” by the German Federal Government. All of this strengthens our determination to lead the way in the home appliances sector by combining energy-efficient appliances with a responsible approach to company management.

This is underpinned by our sustainability strategy, adopted in summer 2011, which we will use to measure and control our achievements. Our core objective is to manage our profits in such a way that they support our business in the long term. This requires us to assume responsibility not just for our products but also in production, for our employees and in business relationships. As a globally active company, we face major challenges. We aspire to contribute to sustainable development in all the regions in which we operate, making us a welcome and valued partner.

In Germany, our home market, we feel that we have a special responsibility to contribute measurably to the transformation of the energy sector. With our super-efficient home appliances, we control a major lever: private households account for almost 30 percent of total electricity consumption. Unfortunately, the debate is currently focused on closing the supply gap with renewable energies rather than using energy more efficiently, despite the fact that it costs three times as much to generate and distribute one kilowatt hour of energy than to save it. This is why we have launched a Group-wide resource efficiency program for production and administration, aiming for a 25 percent reduction in our consumption of energy, water and other resources by 2015. Our goal is to control and measure sustainability performance even more effectively along the entire value chain in the future. This also covers the materials used, as well as their recycling and disposal, given the increasing scarcity and cost of raw materials.



“Being renowned as a responsible and attractive employer as well as recruiting and retaining the most suitable talent wherever we operate: these are decisive success factors for us.”

Johannes Närger



“Innovation, environmental protection and resource efficiency are the principles that underpin our business in all our corporate departments and at all our sites. They are what will keep our company successful in the long term.”

Winfried Seitz

As an internationally acting company, BSH also stakes its future on being able to recruit, develop and retain the most suitable employees around the world and establishing a value-oriented corporate culture in all the countries in which it operates. In this context, we are therefore paying even greater attention to the issues of global talent management and diversity, both of which we have embedded in our sustainability strategy.

This Sustainability Report – our twentieth to date – explains our targets, what we have already achieved, and what we are still 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 have committed ourselves 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 may have. Please send your feedback to [corporate.communications@bshg.com](mailto:corporate.communications@bshg.com)

Stephan Ludwig  
Chairman and CEO of BSH

Jean Dufour  
Brand Management, Sales  
and Logistics

Johannes Närger  
Finance, Corporate Development  
and Labor Relations Director

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




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**BSH** has a clear goal:  
to be the most innovative company in the sector.

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Founded in 1967 as a joint venture between Robert Bosch GmbH, Stuttgart, and Siemens AG, Berlin/Munich, BSH now ranks as the third largest home appliances 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 consumer products. As of December 31, 2011, BSH operated 42 factories in Europe, Asia and America, as well as a worldwide network of sales and customer service companies in almost 50 countries. In 2011, BSH employed more than 45,600 people worldwide, around 70 percent of them in Europe.

**On course for further growth**

BSH reported continued growth in 2011. For many German and international sites, this was the most successful year in their history. The cooker factory in Traunreut (Germany), for example, achieved a historic record with 2.1 million appli-

ances produced. In Dillingen (Germany), the 50 millionth dishwasher rolled off the production line at the start of 2012. At around 9.7 billion euros, sales revenue in 2011 exceeded the previous year's figure by 6.4 percent, while earnings before interest and taxes (EBIT) amounted to 647 million euros (previous year: 754 million euros). BSH opened its new technology center for laundry care in Berlin (Germany), where 700 people now work. November saw the inauguration of the new Amsterdam headquarters of BSH's Dutch subsidiary, which employs 480 people. In the Chinese city of Nanjing, we opened a competence center for refrigeration appliances. In Chuzhou, the cornerstone was laid for a new refrigeration appliances factory, where production will start in 2014. The Traunreut site was extended to incorporate a development center for coffee and espresso machines. At our New Bern (USA) site we closed down washing machine production last year, affecting some 100 employees. Despite this, the overall prospects for the North American market remain positive.



Based on BSH's good financial results, the rating agency Standard & Poor's confirmed the Group's long-term A rating. The outlook was rated "stable" in view of BSH's moderate debt ratio and stable operating income.

**Strong brands, excellent products**

BSH meets the needs of an extremely diverse range of target groups with its broad spectrum of brands. While the Bosch brand stands for "discernible quality", the Siemens brand appeals to customers with its "innovative technology and design". Special brands such as Neff and Gaggenau and various regional brands in individual countries all have their own distinctive brand profile. As well as impressing our customers, the appliances win numerous awards. The top 10 trendsetting products selected by a jury of Germany's federal technology retail trade association included two BSH appliances: the dryer incorporating heat pump technology from Bosch and the Siemens i-DOS washing machine with its automatic dispensing function.

**Consistent innovation strategy**

The basis for these successes is our consistently implemented innovation strategy. Last year, BSH registered 884 new inventions as patents, mak-

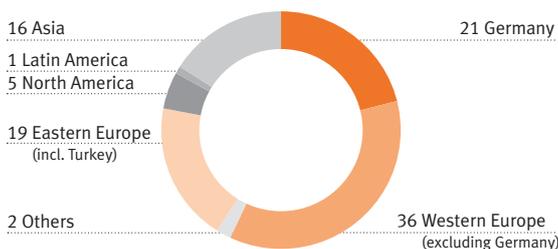
ing it one of Europe's 50 most innovative companies and, with its sixth place among the top ten, one of the most prolific patent applicants with the German Patent and Trademark Office. BSH's global portfolio of industrial property rights currently encompasses more than 15,000 published patent applications, patents and utility models.

**Commitment in the regions**

BSH's sites and subsidiaries receive numerous awards every year – for innovations, for responsible business, and for social commitment. Last year, for example, our washing machine factory in Nauen (Germany) was once again named "Factory of the Year" for its economic performance along the entire value chain. BSH's Greek subsidiary was awarded the gold prize for corporate ethics by the European Business Ethics Network (EBEN) for its achievements in the area of company management and corporate social responsibility. The assessment team also praised BSH Greece's excellent performance in terms of environmental protection and social commitment.

**Sales revenue by region, 2011**

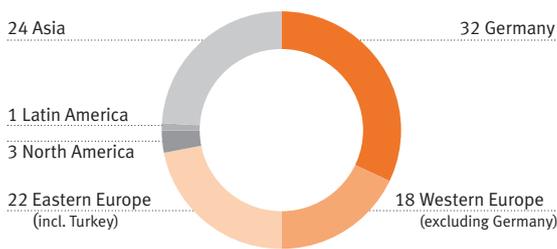
In percent



As at December 31, 2011

**Employees by region, 2011**

In percent



As at December 31, 2011



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**Sustainable corporate governance** calls for a business model that is respected by society. We must conduct our business in a way that enables us to meet the challenges of the future while satisfying the demands of our customers and other stakeholder groups.

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»» A company needs trust in order to achieve success. That's the basis for corporate responsibility. I'm committed to making it a reality.«

Dr. Peter Böhm, Chief Corporate Responsibility Officer at BSH



Responsibility for the environment, employees and society has been firmly embedded in BSH's business conduct and its corporate culture for many years. A fact confirmed in 2008 by the jury of the German Sustainability Award, which named BSH as Germany's most sustainable company. BSH formulated a sustainability strategy to enable it to measure and constantly improve its performance. This strategy was adopted by the Board of Management in the summer of 2011.

#### Key strategy elements

"We've succeeded in creating a shared understanding of sustainability in the company. This forms the basis for our work," explains Dr. Peter Böhm, Chief Corporate Responsibility Officer at BSH, who developed the strategy with his team. The strategy is closely aligned with BSH's business model: for BSH, sustainability and responsibility are not ends in themselves but lay the foundation for tomorrow's business success. Böhm emphasizes: "Our strategy will enable us to position ourselves at an early stage in the key markets of the future and exploit new opportunities for growth." The sustainability strategy is based on BSH's values and its Corporate Principles, which comprise six key areas: customers, products, employees, the company, society and the environment. To identify the issues on which BSH will concentrate its efforts, Böhm and his team

conducted stakeholder surveys, an in-depth company review and a detailed analysis of the business contribution. For five of the six resulting focal issues, the team has already redefined certain key performance indicators and integrated them into the annual business planning cycle and program of incentives. Böhm sees this as a decisive point: "We can't evaluate whether individual employees have succeeded unless we can measure their performance. If we can measure it, we can monitor it reliably."

#### Contributing to BSH's corporate culture

By creating a common understanding and by focusing on strategically important sustainability issues such as talent management or resource efficiency, BSH has laid a firm foundation. The next challenging step is to implement the sustainability strategy throughout the entire company: "At the start, I rather underestimated both the importance and the difficulty of clarification and communication," admits Böhm, who has already presented the strategy to the major European sites. In talks at local level, however, he also learned that "sustainability is enormously important for the company's values and working culture." He aims to ensure that "within two or three years, all BSH employees will have taken sustainability to heart and will be putting it into practice in their area of responsibility."



Our employees exemplify respect, openness and environmental awareness in their daily activities. Our sustainability strategy acts as a guide for them.

### Our guiding values and principles

At BSH, we conduct our business in accordance with our Corporate Principles, which set out guidelines for sustainable business success in six fields of activities: customers, products, employees, the company, society and the environment. In the interest of consistency, we have also based our sustainability strategy on these six fields in order to align it closely with the company's entire value chain. Before formulating the strategy, we conducted a comprehensive internal review to find out exactly where BSH is already performing excellently and where the company will face new challenges in the future. Armed with this knowledge and the results of the 2009 stakeholder

survey, we conducted a materiality analysis to identify the issues of particular importance for our company's success. This information formed the basis for our sustainability strategy.

### Our sustainability strategy

Our sustainability strategy has been adopted by the Board of Management and is a core component of our corporate strategy. We have incorporated the focal issues into our business planning. These are the issues with high stakeholder expectations and a high degree of relevance to BSH's business success, as identified in the materiality analysis. They include consumer interests, super-efficient appliances, talent management, diversity and equal opportunities, resource-efficient production and environmentally friendly logistics.

#### Current focal issues of the BSH sustainability strategy





agement and qualification, diversity and equal opportunities, resource-efficient production and environmentally friendly logistics. An internal evaluation of these issues indicated that stakeholder expectations coincide to a large extent with BSH’s own assessment of the future success factors and business risks. This Sustainability Report, too, is structured according to the fields of activities of sustainable governance, products and customers, employees, the environment and the company, each of which is covered in detail in the corresponding sections.

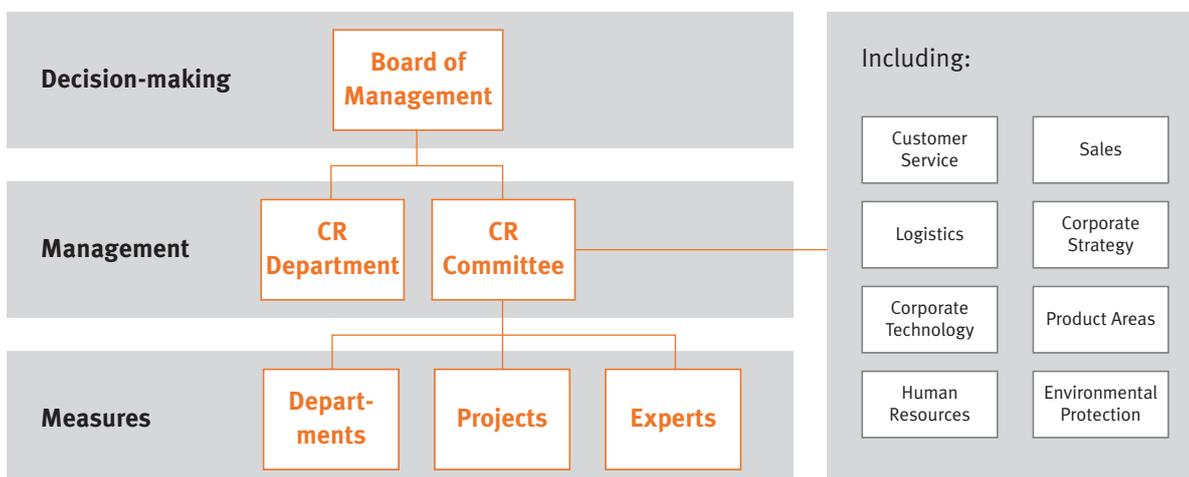
While the six focal issues mentioned above define the strategic framework for business planning based on key performance indicators, there are further areas of activity that we have been developing consistently for many years – either because they are relevant to our reputation or because they represent a potential risk. One example is our responsibility in the supply chain. We aim to review all issues regularly so that we can respond rapidly to changes in the internal and external assessments. We have listed our targets in a roadmap (see graphic on page 10).

**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 corporate department dedicated to these issues. The Chief Corporate Responsibility Officer leads a team of five, and reports directly to the Chief Executive Officer. He works alongside the CR Committee, also newly established, comprising representatives from 14 corporate departments – from Human Resources, Corporate Technology and the Product Areas through to Sales and Customer Service. This committee meets once a month to make decisions at corporate level and to steer the implementation of the approved projects. It thus represents a powerful lever for establishing sustainability and responsibility in all areas of the company.

The sustainability strategy was presented to the Group’s major subsidiaries last year and discussed with managers. Department and group heads will now pass their knowledge on to their employees and incorporate the strategy into their

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





daily routines. The plan is for larger subsidiaries to set up their own regional CR management with the support of the corporate CR department.

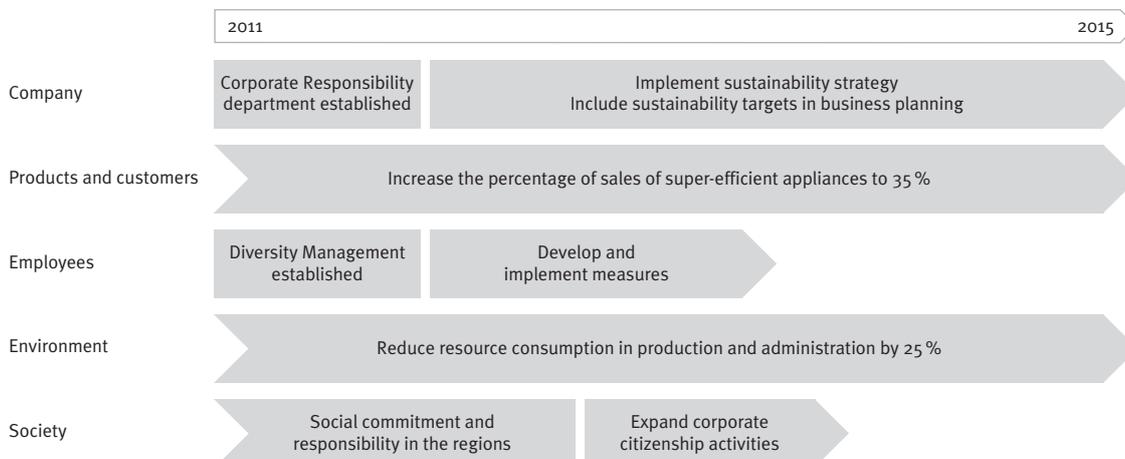
#### In dialog with our stakeholders

BSH's most important stakeholders include its employees, its customers, its business partners, government, non-governmental organizations (NGOs) and public authorities. We consult them regularly using tools such as employee, customer and retailer surveys. Our joint initiatives to improve energy conservation and climate protection represent one of the key areas of consultation with government and NGOs. With the aim of accelerating the market transformation significantly and in addition to our association commitments, we have recently joined DENEFF, a German energy efficiency initiative set up by a network of pioneering companies in this field.

#### Reporting and communication

Our annual Sustainability Report forms the basis for and is part of the dialog with our stakeholders. It follows the guidelines set out in the internationally recognized Global Reporting Initiative (GRI). Our 2010 report came nineteenth in the most recent ranking of the sustainability reports of Germany's 150 largest companies. The ranking, carried out by the German Institute for Ecological Economy Research (IÖW) and the German entrepreneurial association future e.V., assesses the reporting quality and transparency. Because information is exchanged increasingly via the internet, especially among younger target groups, BSH is working on a global social media strategy aimed at extending the dialog with its stakeholder groups even further.

#### BSH's corporate responsibility roadmap



### **Integrity and responsibility**

The guiding principles that apply to all employees and at all levels of the value chain at BSH include the environmental policy, the occupational health and safety guidelines, and the Business Conduct Guidelines. In 2004, BSH committed itself to implementing the ten principles of the United Nations Global Compact, and publishes an annual progress report on the internet. In 2005, we also signed the Code of Conduct of the European Committee of Domestic Equipment Manufacturers (CECED), in which we have played a major role.

Integrity and respect for the law are core strands of our corporate culture. The BSH Business Conduct Guidelines, which came into force in 2006 and were updated 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 implementation of the guidelines is supported by our Compliance Management team, composed of seven full-time employees at the Group's headquarters and some 50 part-time officers 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 legally compliant conduct, we launched a wide-ranging internet-based training program in eleven languages, supplemented by face-to-face training. Participation is mandatory for certain target groups, although all employees are entitled to make use of the training. In 2011, over 19,000 employees around the world completed web-based compliance training courses. Many employees also took part in face-to-face training on compliance issues.



### **Stakeholder interests as a compass**

Just ten years ago, few people understood the meaning of the term “stakeholder”, used to describe groups with a claim to or an interest in the company. In an economy increasingly fixated on financial returns, the term “stakeholder” – as opposed to “shareholder” – highlights the interests of those who are affected by the development of a company without owning any shares in it: employees, customers, neighbors, suppliers and authorities. More recently, stakeholder dialog has become a way of measuring how seriously a company takes its responsibilities over and above its financial results.

#### **Guidelines for global players**

Increasing globalization contributed to this development. National legislation – especially in Europe – has for many years provided a clear framework for action that safeguards environmental and employee interests. Today, global players such as BSH must meet a wide variety of requirements if they want to maintain acceptance and trust. For BSH, this means considering above all the interests of employees, customers and business partners. Other key factors include the requirements of government and public authorities, as well as dialog with globally networked non-governmental organizations committed to safeguarding the environment, the climate and human rights.

#### **Basis for joint action**

For the first systematic stakeholder survey in 2009, aimed at providing us with a realistic picture of what was required and expected from our company, BSH had identified respondents around the world. With an impressively high response rate of around 30 percent and a broad distribution of responses ranging between Europe, the USA and China, we achieved this target. In our next survey, we want to target key stakeholders in important regions even more effectively. We are also planning measures to increase the depth of personal and topic-specific consultation. We recognize that we can only tackle challenges such as climate change by working together. Customers, consumer organizations, environmental associations and government are therefore all important allies in our campaign for greater energy efficiency.



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**Our super-efficient home appliances** combine low consumption with maximum convenience. BSH communicates effectively with customers and retailers by providing transparent information and reliable consumption declarations. After all, trust in our performance is our most valuable asset.

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» I make sure that our customers understand the environmental contribution our products make and how this helps them cut their bills.«

Gerko Reurink, Energy Champion at BSH Netherlands



In the face of constantly rising electricity prices, no wonder that BSH's super-efficient appliances have struck a chord with today's consumers. Even so, the success of this segment has exceeded all expectations: at 3.5 million, the number of appliances sold in 2011 from our Super Efficiency Portfolio rose by about twelve percent compared to the previous year. This means that super-efficient appliances accounted for some 33 percent of BSH's sales revenue in Europe, making an enormous contribution to cutting energy consumption. The most important sales argument to date is the tangible financial advantage to consumers resulting from significantly lower operating costs. A key task over the coming years will be to communicate such win-win situations and thus consciously promote transformation. To this end, BSH Energy Champions in each country have been working since 2009 to drive forward the issue of energy efficiency in home appliances.

#### Creating transparency in home appliances

In the Netherlands, this is the responsibility of Gerko Reurink. Experience has taught him that environmental protection alone is an inadequate sales argument: "If we want to make our energy-efficient products accessible to a broad tier of consumers, it's imperative for us to drive home the cost advantages." BSH takes various approaches to achieving this. Its brands Bosch and Siemens, for example, provide customers

with an online comparison calculator that allows them to display exactly how much money they can save by exchanging their old appliances for new. Not only customers but also consumer associations and product testing organizations are demanding clear and reliable product information. With them Reurink consults closely regarding consumption values and technical details. This benefits BSH in several ways: "I also get a good idea of what's on consumers' minds and what they hold particularly dear," explains Reurink.

#### Energy efficiency in action

At the new headquarters of BSH Netherlands – the Inspiratiehuis 20|20 – four showrooms and a cooking school provide customers and retailers with a wide range of opportunities to get up close and personal with BSH and its products. Even the building itself is a showcase for energy efficiency: "It's immediately obvious to every visitor that BSH really does practice what it preaches when it comes to combining resource conservation with outstanding performance and convenience," enthuses Reurink as he describes the architectural setting. Customers can test the latest BSH products here and seek advice from experts. Regular training events are held here to educate retailers about energy efficiency and the new European energy label – a key component of BSH's strategy to raise global awareness of the need to save energy.



From development to the finished product, the emphasis is on resource efficiency, operating convenience and performance. To this end, our engineers continuously develop and refine internal guidelines and standards.

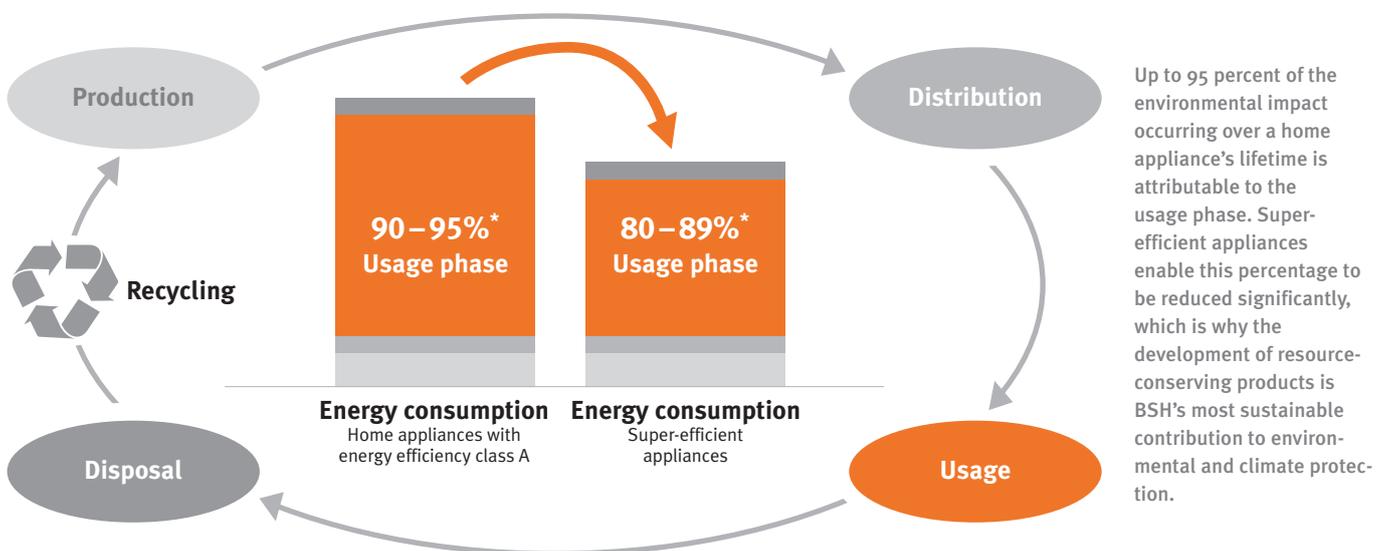
**Spotlight on product development**

The energy, water and cleaning agents consumed in the home while the appliance is in use account for more than 80 percent (source: BSH) of the total environmental impact over the product life-cycle. This is why we pay particular attention to the usage phase of the appliances. Our engineers are working constantly on new technical solutions to make our appliances easier to use and enhance their performance while reducing even further the amount of electricity and water

they consume. To this end, they use the systematic Product Environmental Analysis (PEA) method, which we developed in 1996.

The PEA identifies opportunities for improvement in different categories. Its use is mandatory both in the development of new appliances and in further development projects. BSH received the environmental award of the Federation of German Industry (BDI) for this method back in 1998. In addition, the PEA has enabled us to reduce the

**Environmental protection throughout the 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 reduced significantly, 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

Source: BSH

# 1.87 billion kilowatt hours: the electricity that the appliances from our 2011 Super Efficiency Portfolio will save over their average duration of use.



consumption values of our home appliances substantially in recent years. Today's fridge-freezers, for example, use up to 73 percent less electricity than comparable appliances 15 years ago, and we have cut the water consumption of our dishwashers by 60 percent.

### Award-winning efficiency

By developing low-consumption home appliances, BSH is making a decisive contribution to protecting the climate and helping customers to cut their electricity bills. That our appliances rank among the best and most efficient in the world has been confirmed by numerous international product tests and awards. In 2011, our innovative and energy-saving appliances were awarded in the "Energy Efficiency" category in tests carried out by the German consumer organization Stiftung Warentest and won the "Energy Saver Award" in the UK. Once again, BSH outperformed its German and international competitors to field the most test winners among home appliances: in more than 100 of the 145 or so tests, BSH appliances took home the "Best Buy" or "Test Winner" award.

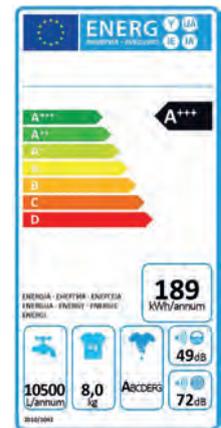
### Our Super Efficiency Portfolio

In 2009, for the first time, we grouped our most efficient appliances together into a Super Efficiency Portfolio and had the figures validated by

external auditors. Over the last two years, we have made good progress in our efforts to achieve continuous sales growth in this segment: last year, super-efficient appliances accounted for 28 percent of sales compared to 15 percent in 2009. For further information, please refer to the enclosed brochure "Our Super Efficiency Portfolio 2011".

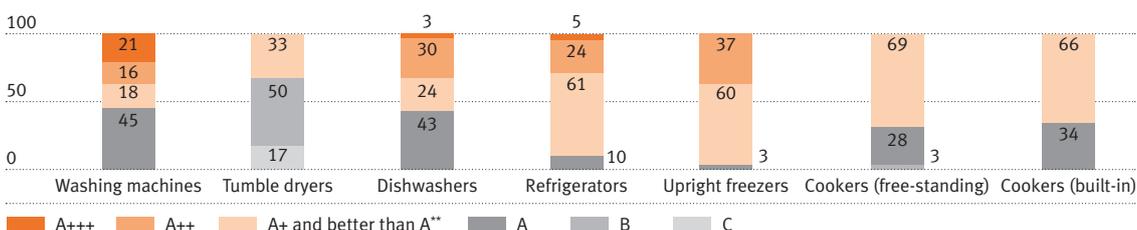
### New European energy label

The energy label adopted by the EU Commission at the end of 2010 represents significant progress toward increasing the transparency of consumer information. The new energy efficiency classes A+ through A+++ apply to fridges and freezers, dishwashers and washing machines, and facilitate greater differentiation between the best-performing appliances in these product groups. In 2011, manufacturers already had the option of using the new energy label on a voluntary basis, and BSH took the opportunity to do so. Since December 2011, the new energy label has been mandatory for all manufacturers.



European energy efficiency classes 2011

Proportion in percent\*



\* The percentages specified for the individual energy efficiency classes are based on the production figures for BSH's European factories (including Turkey and Russia) in 2011.

\*\* Indicates category A+ home appliances and other home appliances that exceed the requirements for energy efficiency class A by at least 10 percent.

BSH's customer service agents  
around the world receive around

**60,000** calls and  
carry out

23,000 repairs every day.



#### More customer service

Customers today demand more than just the best products. And rightly so: when products have a long household life of ten years or more, reliable service is a crucial element of customer satisfaction. Accordingly, we keep spare parts available for at least ten years. Wherever we operate, we have established an extensive network of in-house customer service offices or service partners with trained staff.

We have around 6,000 people providing service to our customers every day – more than any other home appliance manufacturer. Our engineers regularly take part in face-to-face seminars and web-based training on dealing with customers. In the main sales regions, we also provide telephone advice to customers around the clock. Faced with a worldwide shortage of skilled workers, we operate joint ventures with schools in countries like China and South Africa to ensure a constant supply of newly qualified customer service engineers.

#### Outstanding customer satisfaction

Once a year, we conduct a customer survey in all regions to find out how satisfied customers are with BSH's products and service. We use the results primarily to improve our customer service, but we also make them available to the Product Areas. In 2011, our customers in 16 out of 26 countries indicated that they were "very satisfied", while customer satisfaction in nine countries had improved. Customers were particularly pleased that the time window for customer service had been extended to twelve hours on working days, with engineers in some countries also available on Saturdays. BSH customer service won the 2011 "Total Excellence & Quality Award" in the United Kingdom and was recognized for the "Best Customer Service in the White Goods Industry" in Poland.

We consider complaints as important indicators as to how we can improve our service and products even further. In all regions, they are received and processed by specially trained staff.



#### Wash & Coffee

Since 2011, the "Wash & Coffee" project has been providing us with valuable insights into what our customers want. Operated in conjunction with our business partner Henkel, this is the first project of its kind to offer laundromats with an integrated café in Munich and Amsterdam: visitors are flocking to put the modern washing machines and dryers through their paces, receive specialist advice and try out new products in the relaxed, friendly atmosphere.



### Partner to the retail industry

BSH products are sold primarily via the retail industry, an important partner to us. BSH profits from the professional advice that retailers provide to their customers, and supports them with comprehensive information and free training. In addition to workshops and coaching, we are also making increasing use of web-based training to qualify retailers. In 2011, “netTrainment 2.0”, an extended version of our international training tool, went online and is currently being used by more than 5,000 European retailers and their employees. During the course of the year, it will also be made available in China and the USA.

### New consumer interests

As the increasing number of inquiries suggests, more and more customers see the internet as an important source of information that is always available. We responded to this trend in 2011 by extending our online activities in marketing, sales and customer service: animations and video clips demonstrate clearly how to use our products and help customers to rectify minor faults. We use web specials to highlight ergonomic features and technical details, helping to keep our customers fully informed.

We are seeing increasing demand for user-friendly appliances that enable older or disabled people to live independently. Because the principle of “barrier-free design” makes it easier for everybody to use complicated technology, BSH pursues a policy of “design for all”. Our latest washing machines and dryers, for example, feature operating instructions in extra large print so that even people with impaired vision find it easy to read them and use the appliance correctly. In addition, the automatic dispensing system for detergent and fabric conditioner (i-DOS) provides enhanced convenience while improving the efficiency of the appliance.

## Campaigning for a credible energy label

BSH takes energy efficiency seriously. Because we recognize the importance of consumer trust in the accuracy of our specifications, we are campaigning intensively for more market transparency and a rigorous system of labeling.

### Reliable specifications

Energy label specifications must be accurate. This is a prerequisite for consumer trust. Responsibility for monitoring the market lies with the member states of the European Union (EU). ATLETE (Appliance Testing for Energy Label Evaluation), a project of the European Commission, conducted a survey between 2009 and 2011 to determine whether and how the label requirements are being met. The results of the measurements for fridges and freezers were published on April 12, 2011. All four of the models included from the BSH brands Bosch, Siemens and Balay were certified as bearing consistently accurate declarations in all categories of the energy label. Many other manufacturers’ declarations were found wanting in this respect.

### Market monitoring for fair competition

ATLETE is the most comprehensive review program of its kind in the EU to date, despite the fact that measurements like this play a key role in establishing consumer trust in the European energy label. They are also the only way of ensuring fair competition, which will in turn help Europe to achieve its climate protection and energy efficiency targets. The ATLETE project demonstrated that it is possible to monitor the market efficiently and systematically. BSH will continue to campaign in favor of such initiatives – both as a market-leading company and as a member of the European Committee of Domestic Equipment Manufacturers (CECED). CEO Dr. Kurt-Ludwig Gutberlet emphasizes the rigorous approach adopted at BSH: “To ensure that the specifications we provide to the customer are accurate, we measure our appliances ourselves intensively over an extended period. Only if customers trust the label and use it as the basis for selecting the most energy-efficient appliance can we contribute effectively to cutting energy consumption.”



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**BSH aims to be an attractive employer** in all regions. We want to recruit and retain the most suitable employees around the world so that we can continue to grow dynamically. To this end, we offer excellent qualification and personnel development to foster individual skills.

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» We invest in our employees. And we want to retain them. That's why training and personnel development have such a high status at BSH.«

Ahmet Aksoy, Human Resources Manager at BSH Turkey



The comprehensive range of training and professional development offered by BSH is making a major and increasingly important contribution to our future success in the regions. We extended the dual-track education and training system that had already proven highly effective in Germany to our Chinese sites in 1997. Since 2000, we have also been rolling this successful model out at the factories in Turkey. The country is experiencing dynamic growth and rising export rates, enabling BSH to access the North African and Arabian markets, for example.

#### Competing for new talent

Personnel development is facing some major challenges. Ahmet Aksoy at the Human Resources Department of BSH in Istanbul (Turkey), whose responsibilities include recruitment, qualification and talent management, describes them as follows: "Although there's no shortage of talented young people, we're not the only international company vying for their attention. In Turkey, the competition to recruit the best talent is fierce." However, BSH does have a number of advantages over its competitors. "Young people at the start of their career truly appreciate what our company offers in terms of comprehensive education and qualification, opportunities for development and gaining international experience," explains Aksoy.

Our corporate culture is another major aspect of BSH's attractiveness as an employer. Aksoy is convinced that "BSH is seen in Turkey as a reliable, stable employer that values the 'people factor' above all else." With an undesired turnover rate of just 2.4 percent, BSH Turkey is clearly a company that people enjoy working for.

#### BSH as an employer brand

Annual employee dialogs, feedback for managers and a regular employee survey are just as important at BSH Turkey as they are in Germany or at any other BSH site. The career paths on offer, as well as the processes and criteria for personnel selection, are also comparable. "This consistency is a feature of the BSH culture and contributes to its reliability," explains Aksoy. He recently supported the establishment of the new BSH subsidiary in Kazakhstan, where he set up the same HR processes. In the coming years, Aksoy wants to build BSH Turkey into an even more attractive employer brand, and is pleased with his progress so far: "A few years ago, Bosch and Siemens were the names on everybody's lips. Today, though, BSH is a familiar name among young graduates – and a popular one at that." Moreover, this image is supported by our high reputation as an environmentally friendly and responsible company.



For our employees we are committed to equal opportunities, challenging training and personnel development, as well as attractive development opportunities. In Germany, BSH won the “Top Employers” award for the sixth consecutive year.

### On course for global growth

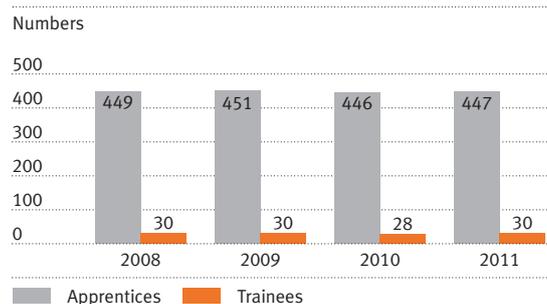
Qualified and motivated employees are the foundation of our international success. To boost its innovative strength, BSH created a disproportionately large number of jobs for engineers last year. In the development departments of BSH Germany alone, more than 850 people are employed in highly skilled technical jobs, along with a further 450 or so in Turkey who are involved above all in helping us to expand our research and development activities at the Çerkezköy site. In Nanjing (China), we have opened a new research center that will employ around 130 developers in 2015. Our global headcount has expanded by almost 2,800 over the last year (as at December 31, 2011). BSH has confirmed its attractiveness as an employer by winning the CRF Institute’s “Top Employers in Germany” award for the sixth consecutive year in the spring of 2012, scoring top marks for its training and development opportunities. BSH was named once again as “Top Employers for Engineers”, taking first place in the “Innovation Management” category. By winning the Top Employers (CRF) award for the first time in the Netherlands and Poland, we have confirmed our attractiveness as an employer at international level, too. The undesired turnover rate in Germany stands at just 1.4 percent.

### Focus on talent management

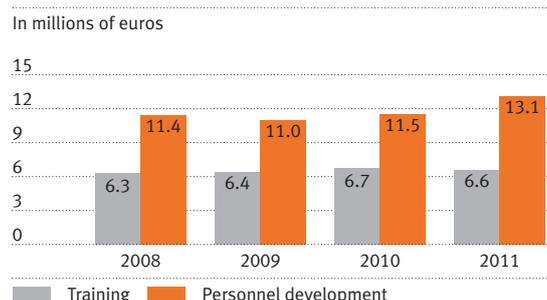
Recruiting talented employees and retaining them in the long term are key strategic objectives of BSH’s Human Resource work. We succeed in achieving these objectives by offering attractive development opportunities to our employees around the world. In 2011, we continued to focus

on standardizing and establishing the talent management processes at international level. The Junior Executive Pool (JEP) and the International Executive Pool (IEP) help us to foster and develop new talent in a targeted way. In 2011, these pools drew 47 percent of their members from international BSH companies. At the end of the year, the JEP had 601 members, and the proportion of women had risen from 29 to 31 percent. The IEP had some 100 members, 13 percent of them women. The Senior Executive Program (SEP) had 26 members, twelve percent of them women.

### Apprentices and trainees\*



### Expenditure for training and personnel development





The Project Management career path, extended in 2011, enables employees to systematically build up their experience and skills in managing product or IT-related projects to gain Project Manager, Senior Project Manager or Project Director qualifications.

**Ambitious education**

Our entry programs offer tailored career opportunities to young people around the world. An important element of these programs is the dual training for a total of 15 different disciplines in Germany, ranging from mechatronics to IT. BSH also implements a similar model in China and Turkey to enable its young recruits to learn a profession and gain a recognized qualification. Last year, BSH offered various programs to around 940 young people around the world, in some cases exceeding its own requirements. BSH makes it possible for committed high school graduates to study at a “Duale Hochschule” (cooperative state university) in order to ensure a constant supply of qualified new talent for almost every part of the company. Various trainee programs complete BSH’s portfolio of entry programs. As part of our university relations campaign, we operate numerous cooperations with prestigious universities and colleges. To stay in touch with students who have already worked for BSH, we have set up the students@BSH program.

**Broadening horizons**

325 BSH employees are currently working on assignments abroad. In 2011, almost 50 percent more employees were transferred between subsidiaries outside Germany than in 2010. Increasing numbers of BSH employees are also being delegated from other countries to BSH Germany, emphasizing the international flavor of our corporate culture. Our trainees, too, gain early experience of working at different sites in Germany and abroad by taking part in an international program

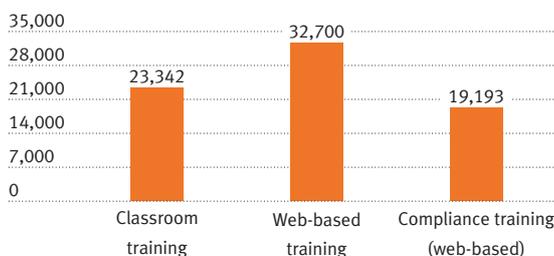
lasting between 12 and 15 months. Last year, 30 young people from six different nations took part in this program. During their training, specialist mentors provide them with targeted support in developing their skills.

**BSH Academy**

For more than ten years, BSH Academy has been providing systematic, demand-oriented qualification programs, including an online portal for web-based training as well as classroom training courses in up to eleven languages. Seminars are held at our training center in Kloster Zangberg (Germany) and at various locations around the world. The 2011 program included some 500 different web-based training courses worldwide, as well as over 800 face-to-face training courses with an average duration of 1.5 days. The BSH Academy also trains its in-house trainers, who have assumed a key role in knowledge management at BSH. Over the last two years, their number has almost quadrupled to the current 90.

**BSH Academy 2011\***

Number of participants



\* As of 2011, the indicators for all BSH Academies at German locations will be included in the total figures to reflect the regional diversity of our personnel training portfolio. As a result, the 2011 indicators are not directly comparable with the indicators from previous years.



### Giving employees a say

Introduced in 2007 and conducted in line with international standards, our employee survey is an important tool that enables us to identify potential for improvement. We aim to extend the survey gradually to all countries; in 2011, it was conducted in 23 countries – with an average response rate of 84 percent. The first BSH-wide survey of all countries will take place in 2013. The feedback for managers and the Human Relations barometer used in the factories facilitate an open, constructive dialog regarding the relationship between managers and their employees.

### Employee representation

BSH maintains a positive, constructive relationship with the various local employee representative bodies. At European level, the European Committee established in 1996 provides a platform for employee representative bodies at European sites, which meet with the BSH Board of Management once a year.

### Equal opportunities and fairness

Around 30 percent of BSH's workforce – and 18 percent of its managers – are women. Back in May 2010, we had already joined other companies from Munich in signing the "Münchner Memorandum für Frauen und Führung" (Munich Memorandum for Women in Management) in Germany. In all our personnel processes, we pay close attention to ensuring equal treatment for men and women. Diversity is used as a management tool with emphasis on internationality, gender and age. In 2011 it became a strategic sustainability issue with its target values incorporated into the business planning. As a member of the "Fair Company" initiative, BSH guarantees reasonable levels of pay for interns.

### Temporary workers

The flexible use of temporary workers enables BSH to respond appropriately to market demand and especially to production peaks, thus also strengthening its competitiveness. BSH engages temporary workers primarily from companies that employ their workers according to the applicable collective agreement. Otherwise, the temporary workers are engaged under the same essential working conditions, including pay, that apply to comparable BSH employees.

### Career and family

BSH promotes a healthy work-life balance by offering options such as flexible working hours and part-time jobs. We also help our employees to make suitable arrangements for childcare or nursing care for dependent relatives. We offer a range of models to help our employees achieve a good work-life balance (see table). All major BSH companies offer part-time work; in 2011, 10 percent of BSH employees in Germany worked part-time. Around 40 percent of BSH employees in 39 countries have the opportunity to work from home. At the Headquarters in Munich, we offer 20 childcare places at a nearby kindergarten, and we are working on extending this facility significantly.

#### International work-life balance models\*

| Percentage of employees taking up this offer |      |
|----------------------------------------------|------|
| Flexible working hours                       | 45.4 |
| Teleworking/home office                      | 1.8  |
| Part-time work                               | 4.8  |
| Parental leave                               | 1.0  |
| Trust-based flextime                         | 2.1  |

\* Figures indicating the take-up of these models were published worldwide for the first time in 2011. As a result, the 2011 figures are not directly comparable with the figures from previous years.

**10** percent of BSH employees in Germany worked part-time in 2011.

### Occupational health and safety management

BSH's manufacturing processes around the world have conformed to health, ergonomic and safety requirements for many years thanks to the consistently high standards applied right across the Group in the planning and construction of its production facilities. Occupational health and safety levels are comparably high throughout BSH, whether in Europe, China or the USA. The ergonomic check conducted every two years at all factory workplaces is compulsory for all sites worldwide. We use the automatic lifting aid EcoPick to make it easier for our production and warehouse personnel to lift and carry materials and equipment. In Germany, where demographic change has raised the average age of the workforce to a relatively high level, new assembly lines at the four largest sites enable older people with health restrictions to continue to play an integral part in the work processes in the long term. They can work standing up or sitting down, using insertion and bolting aids to minimize strain.

### Social benefits

BSH provides social benefits on a voluntary basis over and above the legal requirements, taking into account the regional needs and legal framework conditions of each country. BSH's social benefits are generally country-specific in nature, and may include for example financial support for medical care, employer's loans or jubilee payments. In Germany, BSH offers retirement benefits to its employees via its own pension fund. In 2011, BSH made payments totaling 45 million euros from this fund to former employees in Germany.



## The many aspects of diversity

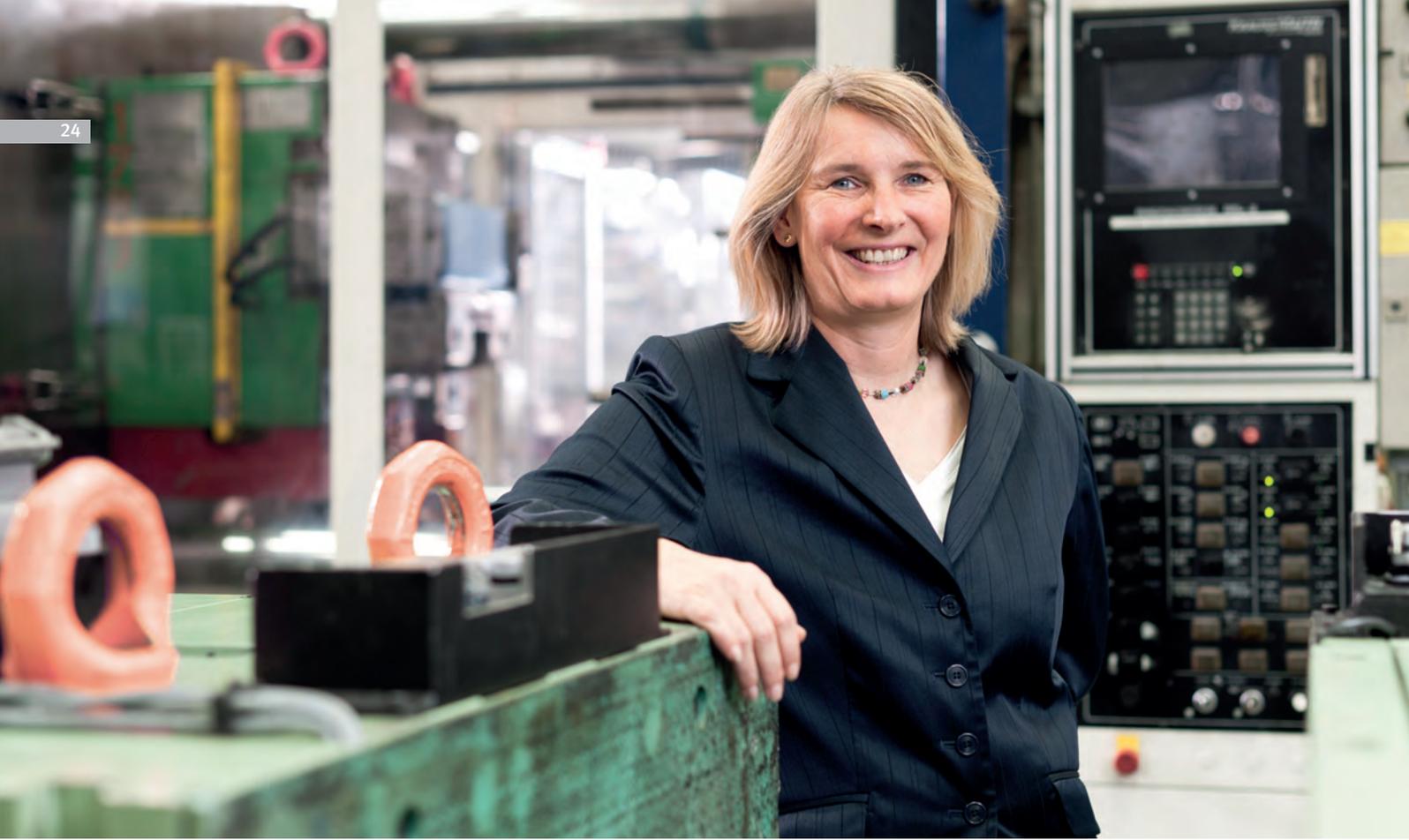
Equal opportunities and mutual respect characterize BSH's corporate culture and are enshrined in our principles. We do not allow people to be disadvantaged or discriminated against on the grounds of their gender, age, religion or origin, whether during the recruitment process or in their day-to-day work. We are convinced that the diversity of lifestyles, experience and skills among our staff has a positive impact on the work outcomes. Mixed teams are not only more successful but also reflect the diversity of our customers' requirements.

### Diversity as a commitment

To underline the benefit of diversity in our corporate culture, Corporate Personnel has pooled the relevant competencies and created a dedicated new department. Launched in October 2011, Diversity Management aims to embed diversity firmly into BSH's corporate culture. To this end, it is drawing up a company-wide diversity strategy focusing on international identity, gender and age. We are currently reviewing our talent management programs and recruitment procedures to bring them even more firmly into line with these criteria. Another example of our commitment to diversity is our planned international job exchange, aimed at encouraging our employees to gain experience of other countries and cultures. We are also implementing targeted measures to attract more female engineers in future.

### Positive survey results

To find out from our employees how the issue of diversity is being implemented at BSH around the world and where we can do even better, BSH conducted a survey of international stakeholders at all hierarchical levels. Respondents praised the wide range of HR tools aimed at promoting international and gender diversity, such as flexible working models and the BSH guidelines for international delegations. To consolidate its reputation as an attractive employer, BSH will continue to expand its range of opportunities for employees to work flexibly and achieve a good work-life balance.



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**Protecting the environment also cuts costs.** BSH was quick to recognize that. Now that raw materials are becoming scarcer and energy costs are rising, our global environmental management strategy is proving a real competitive advantage. In production and administration, we aim to achieve a global reduction of 25 percent in our use of resources by 2015.

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»» For me, it all goes hand in hand: by protecting the environment, we save raw materials, energy and costs. And we improve and accelerate our production processes.«

Brigitte Furth, Senior Expert Plastics Technology at BSH



**B**SH has been striving consistently to conserve resources and reduce environmental impact since the early 1990s. These efforts are now bearing fruit and have laid the foundations for our challenging resource management strategy: by 2015, we aim to cut our consumption of energy, water and process materials in relation to production volume by 25 percent. To ensure that the Resource Efficiency 2015 program, launched in 2010, is followed in all BSH factories, BSH has set up a global network of experts to collect and share the relevant knowledge. Coordinated centrally, this network will ensure that successful solutions are implemented throughout the company.

#### Consistent resource efficiency

Brigitte Furth is part of this network. A senior expert in injection molding technology at the Giengen site, she knows more than most people about this process, which is intensive in its consumption of energy and materials. "I've always been passionate about using resources efficiently. Whether to protect the environment or to cut costs – the effect is the same," explains Furth. Based on her experience and that of her colleagues, she has compiled a valuable checklist that all BSH sites can access. "To kick the

whole thing off, we held workshops in which we all put forward suggestions for reducing the consumption of energy and raw materials when manufacturing plastic parts using the injection molding method," recalls Furth. Considerable savings can be made by making many small changes, such as better line insulation or a slight reduction in the process temperature. "As a result, we've already achieved energy savings without incurring any extra costs," concludes Furth.

#### 25 percent reduction in five years

Furth is in no doubt that this ambitious target can be reached by 2015, as long as all those involved are highly motivated – from plant management right down to the production workers. "It's essential for management to take this issue seriously. That will encourage everyone else to look out for ways of saving raw materials, water and energy." Furth is convinced that "by working together, we'll come up with a thousand new ideas." Work is also under way to develop entirely new solutions. BSH is currently experimenting with alternative materials that, in contrast to conventional oil-based plastics, can still be processed effectively even at much lower temperatures and therefore consume less process energy from the outset.



We work toward saving resources along the entire value chain. At our technology center for laundry care in Berlin, opened in 2011, the exhaust heat generated by appliances being tested is used to heat the building.

#### **Environmental protection in the value chain**

At BSH, comprehensive environmental protection along the entire value chain is one of the principles of corporate responsibility and a driver for innovation. Last year, as well as meeting climate protection requirements by maximizing the energy efficiency of our appliances and production processes, we also focused more intensively on the issue of resource efficiency. To achieve our challenging targets, we established clear structures and workflows in all departments. For the last 20 years or so, we have been operating a company-wide environmental management system. In 2011, we also nominated resource officers at all our sites to ensure that we meet our ambitious targets to reduce our consumption of energy and other resources.

#### **Group-wide project “Resource Efficiency 2015”**

Launched in 2010, the Group project “Resource Efficiency 2015” aims to achieve a 25 percent reduction in the specific consumption of non-product-related resources at all production and administration sites by 2015. This includes all forms of energy (electrical energy and fossil fuels), water, process liquids such as oils, fats and chemicals, and solid materials ranging from paper and plastics to metals. The project is focusing on the production processes that are similar across all BSH factories, such as injection molding, enameling, pressing, welding and milling.

For these resource-intensive processes, checklists have been drawn up in consultation with internal and external experts to document the current state of technological development and the knowledge gained from pilot applications. The checklists explain how the consumption of resources can be reduced in each process, and what tools are required to achieve these reductions. All sites can access this knowledge on the intranet. To facilitate the effective transfer of knowledge between sites, the project is coordinated by a central officer and a steering committee. Although each site is free to decide which measures it puts into practice, the agreed target specifications are binding.

The resource efficiency measures that form the basis for our ambitious targets have been developed by BSH employees with the support of system suppliers and specialists, in many cases using pilot systems to validate the expected benefits. A restructured, systematic energy management program will support them in their efforts, and is being rolled out gradually to all sites. One area that has already undergone successful optimization is IT, where virtualization has made it possible to increase server performance by 100 percent without consuming more electricity.

**5** percent: the percentage by which BSH reduced its consumption of water.

#### Efficient use of water

BSH works continuously to cut the water consumption of its production processes. BSH has halved its specific water consumption (water per metric ton of product) over the last ten years, above all by making savings in terms of surface cleaning and cooling water circulation. It now takes just 26 liters of water to manufacture a BSH dishwasher – equivalent to the water used by the appliance to clean three or four loads of dishes in the home.

#### Certified management

Every BSH site has its own occupational health and safety experts and environmental protection officers, who report to the Environmental Protection and Occupational Health and Safety department at Group headquarters. This department draws up mandatory corporate guidelines and conducts internal audits to monitor compliance with them. All BSH factories operate a systematic environmental management program and are certified according to ISO 9001 (quality). In addition, 39 of the 42 factories are certified according to ISO 14001 (environmental protection). The regulations governing occupational health and safety management at BSH have been closely aligned with the international standard OHSAS 18001 since the start of 2009.

#### Raising employee awareness

Long before launching the Resource Efficiency project, BSH understood that employee commitment is the key to integrating environmental protection into everyday working life. Many of the ideas put forward by employees have already resulted in improvements and cost savings. They are recognized worldwide by the BSH Best Practice Award, handed out for the third time in 2011. The special prize for the best submission in the category of employees, environment and society was awarded to the Product Area Cooking for its resource efficiency initiative. Twenty-one applications were received in total, reflecting the wealth of ideas and the high level of motivation of BSH employees.



#### Environmental compatibility as a construction principle

At BSH, environmental compatibility is a key feature of new buildings. The BSH subsidiary in the Netherlands built its new Amsterdam headquarters according to the cradle-to-cradle concept, based on a closed cycle of materials: construction materials, floor coverings and furniture are all reusable. At the heart of the building are four brand showrooms covering a total area of 4,000 square meters. Since the inauguration of the new headquarters in November 2011, 480 BSH employees have been working there under one roof. Another showcase for environmentally compatible design is the newly opened technology center for laundry care in Berlin, which uses the waste heat from the water used to test more than 1,000 washing machines, together with the exhaust air from the dryers, to heat the building in which 700 people work.

#### BSH named as “Climate Protection Company”

At the end of 2011, BSH joined Germany’s industry initiative for climate protection and energy efficiency, supported by the Federal Environment Ministry and the Federal Ministry of Economics and Technology in conjunction with the German Chambers of Industry and Commerce. In awarding the “Climate Protection Company” status, the initiative recognizes the innovative strength of BSH’s energy efficiency measures and the contribution that BSH products make to climate protection. In coalition with other pioneering companies, BSH has demonstrated that voluntary measures and a sustainable business model can bring financial benefits, too.





### Transport and logistics

We do our utmost to protect the environment and conserve resources along the entire value chain. The target for BSH Logistics is to reduce the CO<sub>2</sub> emissions from goods transport operations by 20 percent between 2006 and 2020. To this end, BSH is implementing multimodal logistics concepts that shift traffic away from the roads by combining different carriers, such as trucks, trains and ships, in an optimum way. At the Traunreut site, BSH is planning its third container terminal after Nauen and Giengen. Home appliances from various BSH factories are dispatched from these terminals directly by rail – rather than by truck as before – to the sea ports in Hamburg and Bremerhaven. Several hundred thousand large appliances make this journey every year.

At the Nauen site, too, new track systems and an additional loading ramp constructed at the end of March 2011 make it possible to transport up to 400,000 more large appliances by rail every year. For the cuts it has made in CO<sub>2</sub> emissions by maximizing its use of rail transport, BSH will be the first company in Germany to receive corre-

sponding emission certificates in the future. The “BSH Transportation Shift Project” has been recognized as a climate protection project under the Kyoto Protocol, and approved as a joint implementation project by the German Emissions Trading Authority. BSH will use the CO<sub>2</sub> certificates to compensate for emissions generated in other areas of the Group.

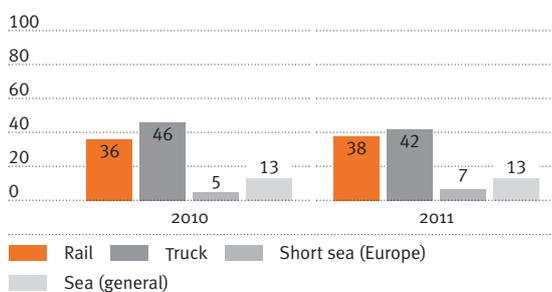
We strive to minimize the materials used in our transport packaging to ensure maximum transport security while keeping packaging costs as low as possible.

### Environmental protection in customer service

Many of our customer service staff travel daily in order to carry out repairs. Reducing travel-related CO<sub>2</sub> emissions is therefore an ongoing task. In Europe, careful route planning optimizes individual journeys and fuel consumption is reduced simply by choosing efficient vehicles. And because our customer service technicians are so thoroughly trained, customers in Europe not only get their home appliances repaired but also receive energy efficiency advice at no extra cost.

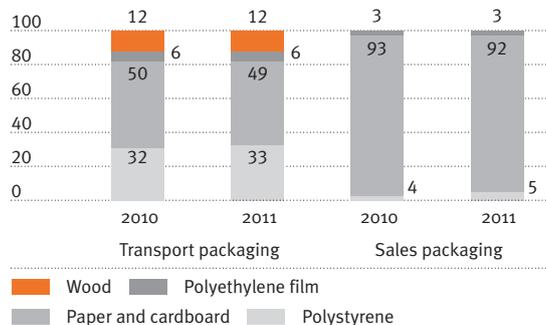
#### Export transport volume

As a percentage of the total transport volume



#### Proportions of packaging materials

In percent (basis kg, Germany)



### Recycling end-of-life appliances in Europe

Since 2005, manufacturers in the member states of the European Union have been legally required to take back and recycle electrical home appliances. As a member of over 20 national take-back systems across Europe, BSH takes its responsibility for environmentally compatible disposal very seriously. Our target is to recycle all the materials from end-of-life appliances wherever possible using the closed-loop method and to guarantee high quality standards for recycling. To this end, we are working with the responsible associations in Europe to develop voluntary industry standards for the collection, transport, storage, handling and processing of end-of-life appliances, and are campaigning to promote compliance with them.

In 2011, the existing industry standard for the recycling of fridges and freezers containing chlorofluorocarbons (CFCs) and hydrofluorocarbons (HFCs) as coolants became an European standard, and a further standardization project for the handling of other home appliance categories was launched. Over and above these initiatives, BSH is actively involved in establishing a standardized, Europe-wide audit system to guarantee the recycling quality.

### Recycling refrigeration appliances in Germany

Although refrigeration appliances have been free from CFCs since the early 1990s, many end-of-life appliances containing ozone depleting CFCs are still being disposed of. BSH's waste disposal partners must therefore meet rigorous quality standards for recycling and demonstrate that they are using state-of-the-art methods. To monitor compliance with these standards, we established an externally certified quality assurance system in Germany in 2008: on behalf of BSH, independent assessors perform around 100 audits of our waste disposal partners every year.



### Carbon footprint as a metric

Fighting climate change is a global issue, and carbon footprint the central metric. It stands for the direct and indirect CO<sub>2</sub> emissions caused by a company. Since 2006, BSH has been measuring its carbon footprint according to the international standard of the Greenhouse Gas Protocol, developed by the World Business Council for Sustainable Development and the World Resources Institute for this purpose.

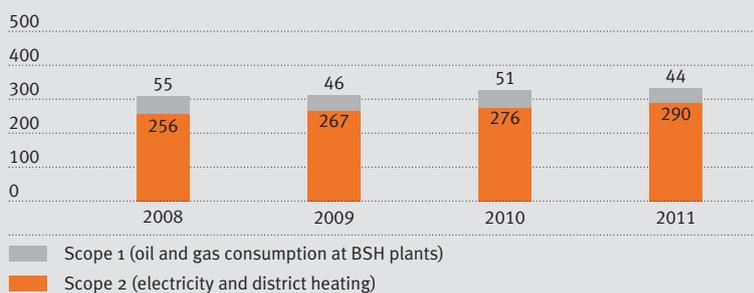
#### BSH's carbon footprint

To calculate its carbon footprint, BSH measures direct emissions from the consumption of oil and gas (Scope 1) and indirect emissions from its use of electricity and district heating (Scope 2). From the Corporate Value Chain Standard (Scope 3), only the emissions resulting from activities within BSH's immediate sphere of influence, such as business travel, customer service activities and the transport of goods to customers, are considered. These travel-related CO<sub>2</sub> emissions are described on page 37.

In 2011, the carbon footprint at BSH amounted to 334,000 metric tons of CO<sub>2</sub>, 3 percent higher than in 2010 (327,000 metric tons). This gives a specific indicator – CO<sub>2</sub> emissions in relation to production volume – of 241 kilograms per metric ton of product (previous year: 250 kg). Around 13 percent of this total comes from direct emissions linked to oil and gas consumption at the BSH factories (Scope 1). Electricity consumption and the use of district heating at the production sites generate 80 percent of CO<sub>2</sub> emissions, while office locations account for 7 percent (Scope 2).

CO<sub>2</sub> emissions

In thousands of metric tons





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**Innovations will shape the future** and determine whether sustainable energy transformation is achievable. BSH is playing its part – with super-efficient appliances and intelligent technologies that make it easy to save energy, tapping the huge potential that still remains to cut household energy bills.

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» Working on solutions for the future is a great job. You have to be open-minded and maintain a sense of curiosity.«

Dr. Claudia Häpp,  
Smart Grid/Home Connect Project Manager at BSH



In exploring new areas of innovation, BSH has two aims: to make tomorrow's households even more energy-efficient, and to offer consumers the best performance combined with maximum convenience. By achieving these aims, we will make a significant contribution to sustainable development. After all, the greatest challenge we face today is how to satisfy the energy hunger of a steadily increasing global population without compromising on climate protection.

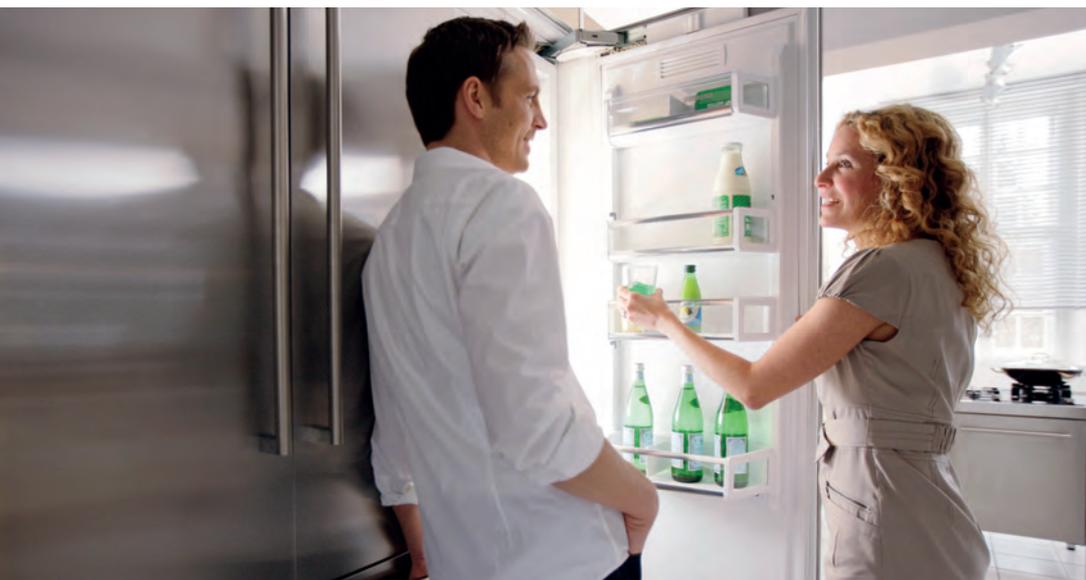
#### Intelligent networking

Home Connect is one of the solutions currently under development at BSH, and Dr. Claudia Häpp has been involved in the project since 2009. Its purpose is to explore how appliances can be networked and controlled automatically, as is already being achieved today with technology such as smart phones. "To know what is and isn't feasible, it's not enough to be familiar with the technology itself – you also need an insight into trends and social developments," emphasizes Häpp. To this end, BSH commissions studies and participates in joint projects with partners such as electricity suppliers. At the start of 2011, a survey to measure the consumer acceptance of smart grid technologies and dynamic electricity tariffs found that, while customers are more than happy to change their behavior, they still know too little about their electricity tariffs. "The intelligent networking of suppliers and consumers is still in its

infancy, but it has huge potential. For it to succeed, suppliers and manufacturers must join together to develop standards, and all home appliances must speak the same language", explains Häpp.

#### Consumer acceptance is the key

BSH therefore campaigns actively for standardization at German and international level, for example through its involvement in the Smart Appliances workgroup of the European Committee of Domestic Equipment Manufacturers (CECED). It is only a question of time before customers are able to control their washing machines with their cell phones and take full advantage of off-peak electricity tariffs. However, the engineer does not believe that the energy efficiency argument alone will result in the widespread acceptance of smart grids: "Consumers value features that make life easier – things like getting a text message telling them that their washing is done." A survey at the Trade Show for Consumer Electronics and Home Appliances (IFA) in Berlin found that 90 percent of respondents would buy a "communications-enabled appliance" if such a product were available. "It will be crucial to inform customers clearly about the new possibilities. We'll have to explain the environment in which the appliances work, the entire infrastructure in which they are embedded," says Häpp as she describes the challenges ahead.



Our super-efficient appliances save energy and provide convenience, allowing any household to contribute to climate protection.

### Energy efficiency as a powerful lever

The efficient use of energy makes a decisive contribution to climate protection. BSH's super-efficient appliances also enable private households to reduce their energy consumption significantly and thus cut their CO<sub>2</sub> emissions. Each year, however, just one percent of the estimated 60 million fridges and freezers in German households alone are replaced with new, highly efficient models – too few for cutting consumption in private households to make an effective contribution to transforming the energy market.

BSH is therefore campaigning actively for more energy efficiency, for example through its membership of the German industry association ZVEI and in consultation with politicians and environmental associations. Because it costs three times as much to generate one kilowatt of electricity than to save it, BSH CEO Dr. Kurt-Ludwig Gutberlet is calling for incentive programs and mandatory national efficiency targets. He believes that, in order to waste no time in tapping the savings of around 15 billion kilowatt hours that could be achieved through home appliances in Germany alone, independent energy advice should be provided free of charge to all households.

### Promoting a change in awareness

There is a growing awareness in society of the need to save energy and limit climate change – not just in Europe, but also in Turkey, China and the USA. BSH is helping to spread the word: in Spain, young people are learning more about energy efficiency in BSH-sponsored projects in

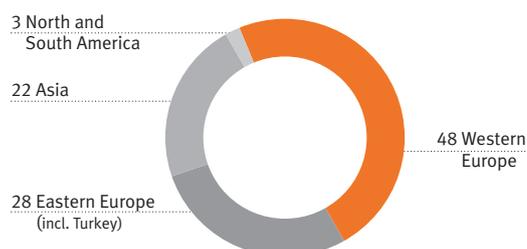
schools, while the “Focus macht Schule” project in Germany provides school teachers with valuable resources. In Turkey, BSH energy experts take part in information events on the premises of customers, who also invite their neighbors and friends.

### Being a good neighbor

In the regions in which it operates, BSH provides a substantial proportion of the available jobs and training opportunities and is an important customer for local businesses. We contribute to sustainability at regional level by paying our taxes and duties correctly in accordance with the value created at each location. At our 29 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 shop at our locations and support them in implementing environmental management and occupational health and safety.

#### Procurement of production materials by region

In percent



## BSH's disaster relief fund

**1.5** million euros in recent years to international aid projects.



### Responsibility in the supply chain

The Code of Conduct for BSH Suppliers has been mandatory since 2007, requiring them to act in accordance with the principles of social and environmental responsibility. It is based on the United Nations Global Compact and the conventions of the International Labor Organization (ILO). Our preferred suppliers of production materials, representing more than 95 percent of our total procurement volume of some 4 billion euros, have signed a corresponding declaration of commitment.

New suppliers must recognize the Code of Conduct. Since 2009, BSH has been involved in the YADE project of the German investment and development company DEG for the qualification of suppliers in China, which provides workshops and training events to build expertise in the areas of production organization, quality assurance, environmental protection, occupational health and safety, and social standards.

With our "CR in the Supply Chain" pilot project, launched in fall 2011, we are going one step further. We used a risk analysis to identify three regions and three material fields in which external auditors will assess compliance with the Code of Conduct. The findings from the final report will form the basis for our next steps.

### Solutions for developing countries

Over recent years, we and our partners have faced major challenges in developing, producing and marketing the world's first plant oil stove. Halfway through 2010, we launched the first series production of the stove in Indonesia. Despite this success, we did not achieve our planned objective of making the stove available to a broad spectrum of users and making a relevant contribution to improving the lives of people in developing countries. For this reason, BSH has decided to discontinue the Protos project after more than seven years' work. As a member of the

United Nations Global Alliance for Clean Cookstoves, we are continuing to support efforts to tackle the health and environmental problems caused around the world by open fires and improve the life situation of people in developing countries.

### Aid through donations

When an earthquake hit south-eastern Turkey in 2011, causing over 2,000 houses to collapse, employees and the Management Board of BSH donated over 13,000 euros in response to an appeal by BSH Katastrophenhilfe, the BSH disaster relief fund. The donated amount was urgently needed by the German charity organization humedica e.V. to rush aid to the stricken region. BSH spent a total of around 260,000 euros on cash donations and donations in kind to projects in Germany in 2011. BSH's sites and subsidiaries are also involved in numerous local projects and provide support in several forms, including product donations for good causes in society.

### BSH Katastrophenhilfe e.V. BSH's disaster relief fund

Since the fund was set up in 1999, BSH employees and the company have donated around 1.5 million euros to provide urgent aid to people affected by disasters. The fund also provides long-term support to the Sahana Nivasa children's home in Sri Lanka, which offered a refuge for girls who had lost their families in the 2004 tsunami. The home is now being extended into an education center.

**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

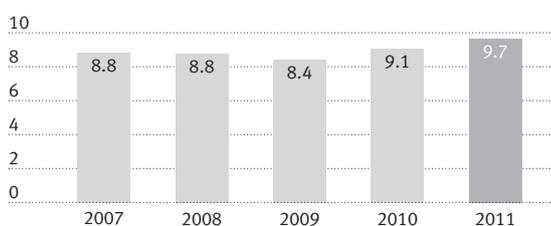
### Sales trend

During the year under review, the BSH Group posted sales of 9.654 billion euros – 6.4 percent up on last year's figure. In Germany, the Group's sales revenue stood at 2.1 billion euros, an increase of 8.2 percent. As last year, the proportion of Group sales revenue generated outside Germany amounted to 79 percent.

**6.4** percent more sales revenue was generated by BSH in 2011.

### Sales trend

In billions of euros

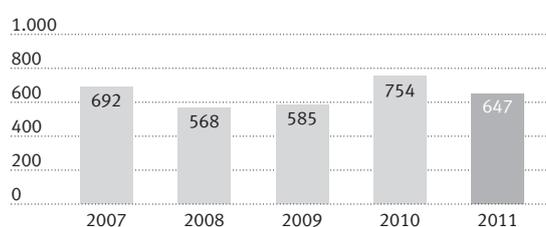


### Earnings, taxes and subsidies

In 2011, earnings before interest and taxes (EBIT) amounted to 647 million euros (previous year: 754 million euros), equivalent to 6.7 percent of sales (previous year: 8.3 percent). The 2011 tax rate for the Group as a whole was 30.5 percent. The Group's total income tax expense amounted to 164 million euros, 81 percent of which is attributable to Western Europe and about 37 percent thereof to Germany. Outside Germany, BSH incurred 13 percent of its tax expense in Eastern Europe, about 20 percent in Turkey and 2 percent in Asia. BSH paid about 89 million euros in tax in Germany in the year under review. In 2011, we claimed around two million euros in subsidies from governments around the world.

### EBIT\*

In millions of euros



\* 2005 – 2010 values after adjusting the reporting of interest expense and income from plan assets from pension, semi-retirement and long service bonus obligations. See the Notes to the Consolidated Financial Statements for further explanations in the Annual Report.

### Employees and personnel expenses

As of December 31, 2011, the Group's total global headcount, including apprentices, stood at 45,620 (14,809 in Germany and 30,811 elsewhere), some 6.5 percent more than at the end of December 2010. Most new employees were hired in China, Turkey, Germany and Russia. Numbers fell slightly in the USA, Greece and Slovakia. Total personnel expenses amounted to 1.893 billion euros.

### Employees and personnel expenses\*

Employees in thousands      Personnel expenses in billions of euros



\* 2005 – 2010 values after adjusting the reporting of interest expense and income from plan assets from pension, semi-retirement and long service bonus obligations. See the Notes to the Consolidated Financial Statements for further explanations in the Annual Report.

### Research and development expenses

In 2011, the Group spent 298 million euros on research and development (R&D), 7.6 percent more than in the previous year. As in the previous year, this figure represents 3.1 percent of sales, enabling BSH to maintain its favorable position in the international competitive arena. In 2011, the number of employees in R&D increased to 2,748. Of this number, approximately 1,540 work in Germany.

#### Research and development expenses\*

In millions of euros (excluding investments)



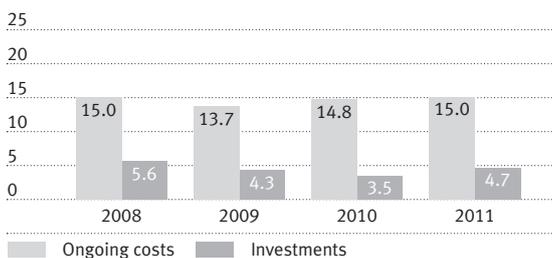
\* 2005 – 2010 values after adjusting the reporting of interest expense and income from plan assets from pension, semi-retirement and long service bonus obligations. See the Notes to the Consolidated Financial Statements for further explanations in the Annual Report.

### Environmental costs

Ongoing operational expenditure throughout the Group for environmental protection (operating expenses, capital costs, personnel expenses and charges) rose by one percent to 15 million euros. Most of this was spent on waste management (53 percent) and soil and water protection (34 percent), while the costs of air purification, climate protection and noise abatement amounted to 13 percent. 92 percent of BSH's environmental costs were incurred at the European factories, 81 percent thereof in Germany. Investments relating to environmental protection rose by 34 percent to a total of 4.7 million euros in 2011. 85 percent of these investments were made at European locations, 48 percent thereof

#### Environmental costs

In millions of euros



in Germany. Noise abatement, air purification and climate protection projects accounted for the major share of 60 percent.

### Resource-efficient products

By developing low-consumption home appliances, BSH makes a decisive contribution to protecting the environment and cutting electricity bills. In recent years, we have substantially reduced the consumption figures of our home appliances. In 2011, a tumble dryer used up to 69 percent less electricity than a comparable model from 15 years ago. For dishwashers, we define appliances as super-efficient that meet the requirements for the highest energy efficiency classes A+++ and A++ in accordance with the new EU energy label introduced in December 2010. In this category, we offer appliances that use half the electricity of their 1996 equivalents to clean the same number of place settings. 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. Over one third of our washing machines already meet the requirements for the highest energy efficiency classes A++ and A+++; In 2011, our most efficient model used 38 percent less energy than in 1996. We have also reduced the water consumption of our appliances substantially over the last 15 years: our most efficient dishwashers now use just six liters of water for each cycle, 60 percent less than in 1996.

**3.5** million home appliances from BSH's Super Efficiency Portfolio were sold in 2011.

#### Reduction in resource consumption 1996 to 2011

In percent\*



\* Comparison between the consumption values (standard program/cycle) for our best 2011 models (Bosch and Siemens) and comparable 1996 models

## Environmental

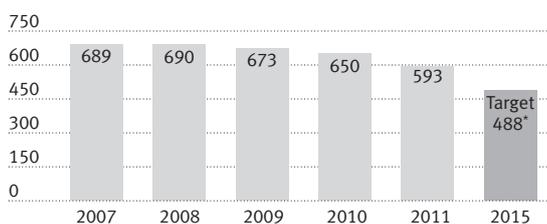
### Energy consumption

Total energy consumption during the year under review was 824 gigawatt hours (GWh), 3 percent down on the previous year's figure of 850 GWh. The proportion of electrical energy was 56 percent, a year-on-year increase of 2 percent. The consumption of natural gas, used primarily to provide building and process heating, fell by 10 percent in 2011. Gas accounted for just 30 percent of total energy consumption. 13 percent of energy requirements were covered by district heating, 21 percent of which came from renewable biomass. Specific energy consumption stood at 593 kilowatt hours (kWh) per metric ton of product, an 8.8 percent improvement compared to 2010 and significantly better than the target figure for 2011, which was 618 kWh per metric ton of product.

**3** percent less energy was consumed by BSH in 2011.

#### Energy consumption

Per metric ton of product in kWh



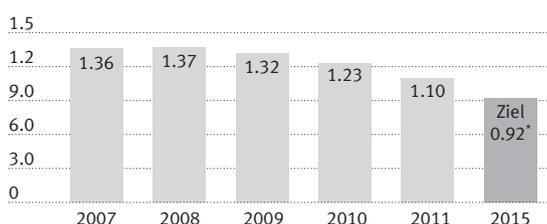
\* 25 percent reduction in specific energy consumption from 2010 to 2015

### Water usage

Despite increased production, water demand fell by five percent in 2011 to 1.53 million cubic meters (m<sup>3</sup>). 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 waste water from production processes – 35 percent of the total waste water

#### Water usage

Per metric ton of product in m<sup>3</sup>



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

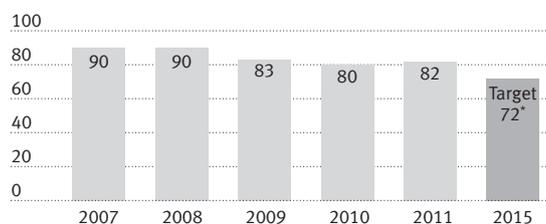
from the factories – undergoes physical and chemical pretreatment. 26 percent of the total wastewater volume was discharged directly into surface watercourses in purified form, while the larger proportion of 74 percent was sent to public treatment plants. Specific water consumption stood at 1.10 m<sup>3</sup> per metric ton of product, 10.6 percent down on the previous year's figure and a substantial improvement on the target value for 2011, which was 1.17 m<sup>3</sup> per metric ton of product.

### Waste

The volume of waste generated by the BSH Group rose by just under 9 percent to 114,000 metric tons. As in the previous year, hazardous waste accounted for just under 2 percent of the total waste volume in 2011. The specific indicator increased by 2.1 percent to 82 kg of waste per metric ton of product in 2011, falling short of the target value of 78.5 kg per metric ton of product. Separate collection of paper and cardboard, plastics and films, glass, wood and metal waste is standard practice in all factories. As a result, BSH recycled 93 percent of its total waste volume.

#### Waste

Per metric ton of product in kg



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

### Emissions

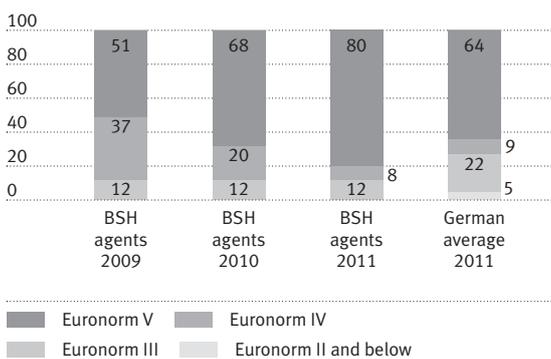
Emissions of volatile organic compounds (VOCs) are low as a result of the switch to powder coatings, aqueous coating systems and precoated metal sheets for most applications. Despite an increase in production, VOC emissions in 2011 remained at the previous year's level of 68 metric tons. Sulfur dioxide is emitted when fossil fuels containing sulfur are burned. BSH uses mainly low-sulfur gas and heating oil, so sulfur dioxide emissions are not reported separately. Emissions of nitrous oxides can be influenced by heating technology and, at 38 metric tons, were extremely low in 2011 due to the use of optimized furnaces. The figures for production-related emissions of CO<sub>2</sub> at BSH sites are shown on page 29 (Scope 1).

**Vehicle fleet**

To help reduce noise levels and harmful substance emissions when transporting its products by truck in Germany, BSH made “Euronorm II or better” its target standard as early as 2001. For the third consecutive year, every truck in the fleets operated by BSH’s shipping agents exceeded the requirements of Euronorm II. In 2011, the proportion of vehicles meeting Euronorm V rose to 80 percent, exceeding the average figure for Germany as a whole by 16 percentage points. BSH Logistics 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

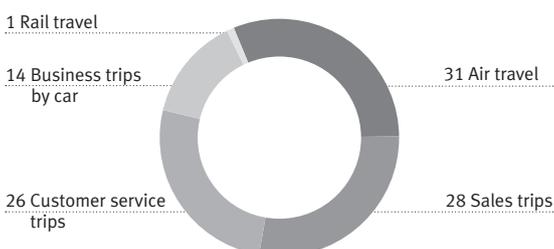


**Travel-related CO<sub>2</sub> emissions**

The travel-related CO<sub>2</sub> data includes emissions caused by flights, business travel by car and rail, and the use of sales and customer service vehicles. The data for this Scope 3 reporting was extrapolated to the Group as a whole from verified regional reports (Germany and Europe). 31 percent of all CO<sub>2</sub> emissions caused by business trips were attributable to air travel, 68 percent to car jour-

**Travel-related CO<sub>2</sub> emissions in 2011**

In percent



neys, and 1 percent to rail travel. Rental cars and leased cars are used for most business travel undertaken for customer service, sales and other business purposes.

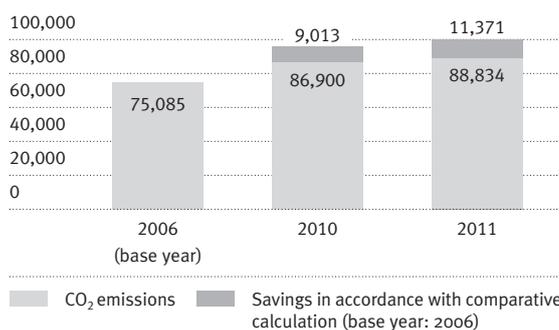
**CO<sub>2</sub> emissions from the transport of finished goods**

In 2011, the CO<sub>2</sub> emissions from the transport of finished goods were recalculated in close cooperation with Berlin’s Institute for Applied Ecology. 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. In 2011, these CO<sub>2</sub> emissions totaled 89,000 metric tons. At the same time, a model calculation shows how high the CO<sub>2</sub> emissions would have been in the year under review if the structure for the base year 2006 had still been in place. For this comparison, the relevant volume figures for the year under review are calculated using the transport structure data of the base year. The difference between the model calculation and the actual CO<sub>2</sub> emissions during the year under review gives the CO<sub>2</sub> reduction. The main levers for cutting emissions are the optimization of the transport mix, better utilization of the available freight space, and the use of improved technology to reduce the fuel consumption of the trucks.

**11** percent of CO<sub>2</sub> emissions were saved by BSH Logistics in 2011.

**CO<sub>2</sub> emissions from the transport of finished goods**

In metric tons



Transport of goods from Germany to recipients around the world (retailers and regional warehouses)

**Input-output-balance**

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, 2011). The 2011 statistics include the new factory for washing machines in St. Petersburg (Russia) and the Tech-

nology Center for Laundry Care opened in Berlin. The washing machine factory in New Bern (USA) is no longer included, as it was closed at the start of 2011. 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 environmental 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. This makes it possible to evaluate environmental performance consistently, irrespective of fluctuations in production volumes, in accordance with the guidelines for recording environmental assessment data set out in the international standard ISO 14031.

| <b>Input-flows</b>  |                                           | 2009      | 2010      | 2011      | Unit               |
|---------------------|-------------------------------------------|-----------|-----------|-----------|--------------------|
| <b>A</b>            | <b>Fixed assets</b>                       |           |           |           |                    |
| A 1                 | Land                                      | 4,452,487 | 4,431,365 | 4,507,297 | m <sup>2</sup>     |
| A 1.1               | Developed                                 | 1,989,401 | 1,928,949 | 2,083,330 | m <sup>2</sup>     |
| A 1.2               | Undeveloped                               | 2,463,086 | 2,502,416 | 2,423,967 | m <sup>2</sup>     |
| A 2                 | Percentage developed                      | 45        | 44        | 46        | %                  |
| <b>B</b>            | <b>Current assets</b>                     |           |           |           |                    |
|                     | Environmentally relevant substances       |           |           |           |                    |
| B 1                 | Raw materials <sup>1</sup>                | 770,756   | 786,177   | 817,642   | t                  |
| B 2                 | Auxiliary materials <sup>2</sup>          | 15,390    | 16,000    | 15,981    | t                  |
| B 3                 | Process materials <sup>3</sup>            | 3,640     | 3,012     | 2,828     | t                  |
| B 4                 | Energy                                    | 797,875   | 849,770   | 824,148   | MWh                |
| B 4.1               | Electrical energy                         | 434,282   | 455,801   | 463,601   | MWh                |
| B 4.2               | Light heating oil                         | 3,086     | 3,754     | 481       | MWh                |
| B 4.3               | Gas                                       | 255,677   | 273,397   | 248,915   | MWh                |
| B 4.4               | Others (district heating, wood, etc.)     | 104,830   | 116,818   | 111,151   | MWh                |
| B 5                 | Water                                     | 1,559,829 | 1,605,636 | 1,527,665 | m <sup>3</sup>     |
| B 5.1               | From public supply                        | 1,033,350 | 1,083,464 | 1,002,760 | m <sup>3</sup>     |
| B 5.2               | From own supply                           | 1,033,350 | 522,172   | 524,905   | m <sup>3</sup>     |
| <b>Output flows</b> |                                           |           |           |           |                    |
| <b>C</b>            | <b>Products</b>                           |           |           |           |                    |
| C 1                 | Products (number)                         | 40,491    | 44,746    | 48,182    | Thousands of items |
| C 2                 | Products (tonnage)                        | 1,186     | 1,307     | 1,390     | Thousands of t     |
| C 3                 | Packaging                                 | 77,314    | 86,671    | 89,053    | t                  |
| C 4                 | Waste                                     | 98,738    | 104,963   | 114,046   | t                  |
| C 4.1               | Waste for disposal                        | 7,788     | 8,086     | 8,534     | t                  |
| C 4.1.1             | of which hazardous waste                  | 2,112     | 2,227     | 2,012     | t                  |
| C 4.2               | Waste for recycling                       | 90,950    | 96,877    | 105,512   | t                  |
|                     | Percentage recycled                       | 92        | 92        | 93        | %                  |
| C 5                 | Waste water                               | 1,369,011 | 1,426,287 | 1,344,615 | m <sup>3</sup>     |
| C 5.1               | of which directly discharged              | 579,952   | 402,251   | 354,057   | m <sup>3</sup>     |
| C 5.2               | of which indirectly discharged            | 789,059   | 1,024,036 | 990,558   | m <sup>3</sup>     |
| C 5.3               | of which treated in neutralization plants | 439,055   | 494,877   | 474,738   | m <sup>3</sup>     |
| C 6                 | Vaporous or gaseous emissions             |           |           |           |                    |
|                     | Organic substances                        | 66        | 68        | 68        | t                  |
| C 6.1               | Volatile organic compounds (VOCs)         | 66        | 68        | 68        | t                  |
|                     | Inorganic substances                      | 45,606    | 50,574    | 44,290    | t                  |
| C 6.2               | Nitrous oxides                            | 46        | 42        | 38        | t                  |
| C 6.3               | Carbon dioxide (Scope 1)                  | 45,560    | 50,532    | 44,252    | t                  |

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

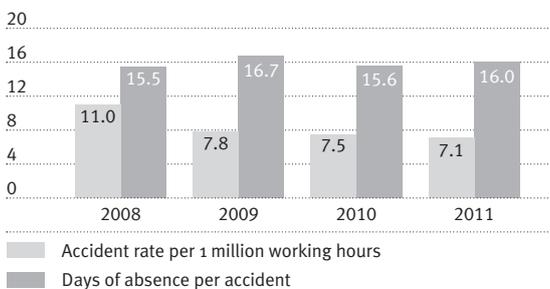
## Social

### Occupational health and safety

BSH reports accidents that occur at work 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. The average duration of absence per accident – as a measure of accident severity – stands at 16 days, a slight increase compared to the previous year. The recording and evaluation of near misses and hazardous situations is becoming increasingly important as a way of preventing accidents. 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, one BSH employee suffered a fatal business travel accident. There were also two fatal accidents on BSH premises involving employees of external companies (freight forwarding and catering) and a further fatal accident on the construction site of a future BSH property. None of these tragic events was caused by a breach of duty on the part of BSH.

#### 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 remained constant at 38.1 years, as did the average period of employment, which stood at 10.5 years in 2011. At around 16 years, the figure is particularly high in Germany compared to the European average of just under 14. In total, BSH created some 2,800 new jobs in 2011. BSH employed 806 apprentices and trainees around the world in 2011 (previous year: 798). The proportion of severely disabled people employed at BSH's German locations stood at 5.3 percent, thus higher than the legal minimum of 5 percent.

### Social benefits

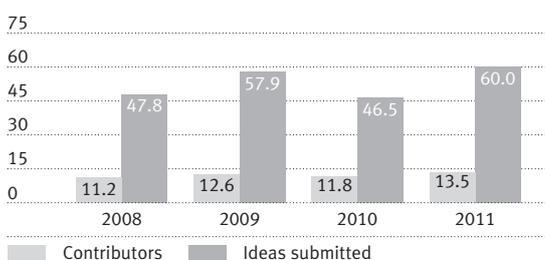
In the countries in which BSH operates, it sets the pay levels of its employees in line with the local market income and legal framework conditions. Voluntary social benefits are not standard across the entire Group, but vary according to regional requirements and regulations. 2011 was the first year in which BSH recorded data on the provision of additional social benefits in 39 countries around the world. In 82 percent of all countries in which we operate, 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 two thirds of these countries. Outside Germany, we offer a company pension scheme in 23 countries. Our employees in over half of the countries in which we operate have access to a company medical service as well as health promotion programs including sporting activities or nutritional advice.

### Company suggestions initiative

BSH's company suggestions initiative "Top idea" is an important feedback tool. It was established in 17 countries in 2011, attracting 60,022 excellent ideas from 13,534 employees. This means that 34 percent of the total workforce of 40,178 with access to "Top idea" participated in the initiative, submitting an average of 1.49 ideas per head. For the first time, the proportion of implementable suggestions for improvement exceeded 60 percent. From all the ideas submitted over the past decade, BSH has accrued a net benefit in excess of 215 million euros.

#### Company suggestions initiative

Contributors and ideas submitted in thousands



# 2,800

new jobs were created by BSH in 2011.

| Objectives for 2011*                                                                                                                                                                                                                                 | Objectives achieved in 2011                                                                                                                                                                | Objectives for 2012                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sustainable corporate governance</b>                                                                                                                                                                                                              |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                |
| Implement a company-specific sustainability strategy                                                                                                                                                                                                 | Sustainability strategy approved by Management Board; key performance indicators for six sustainability-related focal topics integrated into business planning and program of incentives   | Communicate the sustainability strategy throughout the Group and hold workshops to implement it in the different departments (Sales, Procurement, etc.)                                                                                                                                        |
| <b>Environmental management</b>                                                                                                                                                                                                                      |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                |
| Conduct corporate audits at five sites                                                                                                                                                                                                               | Achieved: Bretten, Traunreut, Montañana, Vitoria, St. Petersburg                                                                                                                           | Conduct corporate audits at nine sites                                                                                                                                                                                                                                                         |
| Complete the ISO 14001 certification of the St. Petersburg site                                                                                                                                                                                      | Certification of the St. Petersburg site postponed until 2012                                                                                                                              | Certification of the St. Petersburg site completed in 3/2012                                                                                                                                                                                                                                   |
| Improve the data quality for office locations and BSH warehouses                                                                                                                                                                                     | Energy consumption survey completed for office locations worldwide; survey of warehouses postponed until 2012                                                                              | Improve the data quality for BSH warehouses                                                                                                                                                                                                                                                    |
| <b>Site-related environmental protection</b>                                                                                                                                                                                                         |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                |
| Reduce specific energy and resource consumption in line with the Resource Efficiency Program 2015<br>– Energy target: 618 kWh/t (-5% per annum)<br>– Water target: 1.17 m <sup>3</sup> /t (-5% per annum)<br>– Waste target: 78 kg/t (-2% per annum) | Development of specific energy and resource consumption:<br>– Energy: -9% (593 kWh/t)<br>– Water: -11% (1.10 m <sup>3</sup> /t)<br>– Waste: +2% (82 kg/t)                                  | Ongoing targets for 2012:<br>– Energy: 586 kWh/t (-5% annual reduction based on 2010 figures)<br>– Water target: 1.10 m <sup>3</sup> /t (-5% annual reduction based on 2010 figures)<br>– Waste target: 77 kg/t (-2% annual reduction based on 2010 figures)                                   |
| Implement site-specific environmental objectives and programs in air pollution control and climate protection, soil and water conservation, waste management and communications                                                                      | 55% of factories exceeded the energy targets, 38% exceeded the water targets, and 35% exceeded the waste targets                                                                           | Ongoing                                                                                                                                                                                                                                                                                        |
| <b>Product-related environmental protection</b>                                                                                                                                                                                                      |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                |
| Support the development of standards for recycling end-of-life appliances                                                                                                                                                                            | European standard for refrigeration appliances published and draft European standard developed for the disposal of end-of-life appliances (handling and logistics)                         | Support the implementation of the new WEEE Directive in the EU member states                                                                                                                                                                                                                   |
| Continue to improve the consumption values of home appliances                                                                                                                                                                                        | Achieved (see page 35)                                                                                                                                                                     | Ongoing                                                                                                                                                                                                                                                                                        |
| Continue to develop the in-house tool for the lifecycle analysis (LCA) of home appliances                                                                                                                                                            | Bills of material (BOMs) drawn up for all product groups and comparison of environmental profiles completed                                                                                | Introduce a database for monitoring compliance with the RoHS Directive (use of hazardous substances)                                                                                                                                                                                           |
| <b>Employees</b>                                                                                                                                                                                                                                     |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                |
| Recruit and develop professionals and managers in line with requirements (international talent management/qualification)                                                                                                                             | BSH Group headcount increased by 6.5%; project initiated for the international rollout of BSH's talent management and leadership qualification programs                                    | Roll out corporate talent management in all countries; implement BSH leadership qualification program at key BSH subsidiaries, focusing on Asia                                                                                                                                                |
| Complete the extension of the functional scope for the Learning Management System                                                                                                                                                                    | Project completed successfully                                                                                                                                                             | Support strategically relevant Group initiatives by implementing standardized qualification concepts and processes worldwide                                                                                                                                                                   |
| Develop further measures to tackle the challenges of demographic change, focusing on knowledge management, ergonomics and health maintenance                                                                                                         | Ergonomic check rolled out on a broader basis in 2011; extended opportunities offered to employees to maintain health through physical training                                            | Incorporate the issue of demographic change into the leadership qualification program                                                                                                                                                                                                          |
| Conduct employee survey in 20 countries (28,000 employees); document measures internationally                                                                                                                                                        | Employee survey conducted in 23 countries (high response rate of 84% achieved); international monitoring extended                                                                          | Use the monitoring tool in a total of 29 countries to document the measures relating to the employee survey                                                                                                                                                                                    |
| Reinforce BSH's reputation as an attractive employer in the long term                                                                                                                                                                                | Status of "Top Employers in Germany" and "Top Employers for Engineers" awarded to BSH by the CRF Institute; concept drawn up to intensify BSH's university relations activities in Germany | 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 |
| Implement an enhanced diversity management strategy                                                                                                                                                                                                  | Diversity management integrated into Corporate Personnel and diversity project launched                                                                                                    | Implement extended diversity activities and roll them out internationally                                                                                                                                                                                                                      |

\* As published in the 2010 Sustainability Report.

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

- Group Annual Report 2011
- Our Super Efficiency Portfolio 2011
- BSH at a Glance 2012

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# BSH worldwide



- Group Headquarters
  - Subsidiaries
- Factories:
- 🏭 Cooking
  - 🏭 Refrigeration/Freezing
  - 🏭 Dishwashing
  - 🏭 Washing/Drying
  - 🏭 Consumer Products
  - 🏭 Motors/Pumps



**Sites certified according to ISO 14001**

|         |                                                                                 |          |                |          |                                                                        |
|---------|---------------------------------------------------------------------------------|----------|----------------|----------|------------------------------------------------------------------------|
| China   | Wuxi<br>Chuzhou<br>Nanjing                                                      | France   | Lipsheim       | Spain    | Esquiroz<br>Estella<br>La Cartuja<br>Montañana<br>Santander<br>Vitoria |
| Germany | Bad Neustadt<br>Berlin<br>Bretten<br>Dillingen<br>Giengen<br>Nauen<br>Traunreut | Greece   | Athens         | Thailand | Kabinburi                                                              |
|         |                                                                                 | Poland   | Lodz (2)       | Turkey   | Çerkezköy                                                              |
|         |                                                                                 | Russia   | St. Petersburg | USA      | New Bern                                                               |
|         |                                                                                 | Slovakia | Michalovce     |          |                                                                        |
|         |                                                                                 | Slovenia | Nazarje        |          |                                                                        |

