

B/S/H/

# Environmental and Corporate Responsibility 2010




BSH BOSCH UND SIEMENS HAUSGERÄTE GMBH

## About this report

Since 1992, BSH Bosch und Siemens Hausgeräte GmbH has been reporting annually to its stakeholders as to how it is implementing its strategy of sustainable development. This report covers all BSH locations worldwide and presents events and developments, as well as environmental and employee related figures, for fiscal year 2010. Copy deadline is April 30, 2011. For simplicity, we frequently speak in the report about employees. By this, we mean of, course, both our female and male staff.



The report is based on the current guidelines of the Global Reporting Initiative (GRI G3) and, at the same time, represents the BSH progress report to the UN Global Compact. A detailed GRI balance sheet with additional information, as well as a concise summary of our progress in implementing the Global Compact principles, is available on the Internet at

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

More information about BSH and its brands can be found in the BSH Group Annual Report 2010 and at [www.bsh-group.com](http://www.bsh-group.com) → Figures and Facts

### Main brands







### Special brands



### Regional brands



As at December 31, 2010

<b>Foreword</b>	2010 was a successful year. We gained market share and created new jobs.	Page 4
<b>The company</b>	As one of the leading home appliance manufacturers in the world, BSH stands for values such as innovation, quality and reliability.	Page 6
<b>Our strategy</b>	focuses on the principles of sustainability and creates added value for the company, its employees and society.	Page 8
	Special “Strategically aligning a commitment to sustainability” To focus, strategically direct and make our activities visible – with this task, the newly established Corporate Responsibility Department began its work in early 2011.	Page 11
<b>For society</b>	we want to be a reliable partner, acting with integrity and opening up new opportunities.	Page 12
	Special “New consumption patterns promote energy efficiency” Internet platforms, shopping guides and guerrilla campaigns in the retail industry show that consumers have become more aware and are questioning their consumption habits.	Page 15
<b>For our employees</b>	we are an attractive employer that offers comprehensive qualification opportunities worldwide.	Page 16
	Special “Not working less, but working easier” Demographic change makes it necessary to critically scrutinize the processes in the production areas. This is because the workforce is aging overall.	Page 19
<b>For the environment</b>	we consistently focus on energy efficiency and resource conservation – both in our products and in production.	Page 20
	Special “New directions in logistics” New concepts at Nauen and Giengen show how we optimally combine modes of transport according to cost and environmental aspects and shift more traffic to rail transport.	Page 23
<b>Key figures</b>	document how BSH is developing consistently and for the long-term in the areas of economics, ecology and social issues.	Page 24
<b>Program</b>	In 2010, BSH achieved key corporate objectives and set ambitious goals for the future.	Page 33
<b>Our locations</b>	in an overview and the status regarding the certification of environmental management.	Page 34
<b>Contact persons</b>	at BSH headquarters in Munich as well as in Spain, Turkey, China and the U.S.	Page 35



“We have extended our leading position in regards to energy efficiency. We are now making our super-efficient appliances accessible to wider and wider levels of consumers. As a manufacturer of home appliances, this is the way that we contribute directly to climate protection. The growing demand for super-efficient appliances shows us that they are addressing current needs.”

Dr. Kurt-Ludwig Gutberlet



“In our globalized world, efficiency is becoming increasingly important; from the economical use of resources up to the time factor. To remain competitive, we need to produce more and more efficiently, develop better appliances and implement innovations more rapidly – objectives on which we have consistently and continuously focused our development and production processes and which we are continually improving.”

Winfried Seitz

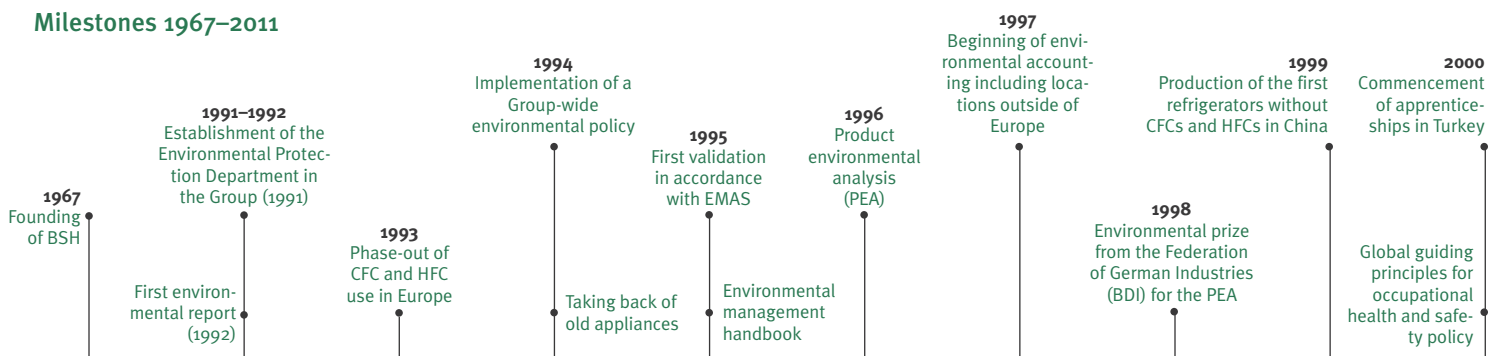
## Dear Reader,

2010 was a successful year. We gained market share and created new jobs. Our Super Efficiency Portfolio developed even better than was hoped and has far exceeded our goals: Last year, 30 percent of our sales in Europe were due to particularly efficient household appliances. As a result, our customers are now saving up to 1.9 billion kilowatt hours of electricity, with a corresponding reduction in CO<sub>2</sub> emissions. We have had these figures checked and confirmed by outside sources.

We have decided to take the necessary steps towards a “low-carbon economy”. In addition, as a globally active company, we are facing up to the challenge to open up a broad market with our efficient and environmentally-friendly home appliances. Because environmental protection is not just a fashionable trend for us – it is the core of the business. Through our products and our actions, we would like to make a measurable contribution to globally sustainable development and a society that is capable of facing the future. We believe that this will ensure the success of our company. We have also set ambitious goals for ourselves in regards to production: as an example, during the next five years, we intend to reduce the consumption of energy and water by another 25 percent throughout the Group.

To focus, coordinate and manage our sustainability activities in a targeted manner, we created the Corporate Responsibility Department on January 1, 2011. The CR Officer reports directly to the CEO and is supported by a CR Committee that meets regularly, as well as project-based work groups. From this, we expect clear objectives for the continuing development of BSH, incentives for innovation management and intensive discussions with our stakeholders. Because expecta-

## Milestones 1967–2011





tions for companies are rising – in Europe, Turkey and Asia as well as in the United States – and are decisively shaping the framework for our global business practices. As a result, the systematic verification of responsible action in the supply chain will also become more important – a complex issue to which we will dedicate ourselves ever more strongly.

Demographic change is also one of the future challenges. Attracting qualified young talent will become more difficult. At the same time, we must pay attention to the needs of older employees, to maintain their health and their ability to work. For this reason, we are implementing a variety of ergonomic measures, and, for example, have set up a new assembly line in Traunreut for older people that have restrictions because of their health. The fact that, in the spring of 2011, with an overall ranking of 6th place and a 4th place ranking for engineers, we were re-elected to the leading group of Germany's most desirable employers, confirms that we are forward-looking and responsible in the area of human resources.

With everything that we do, we create value for the company, our employees and for society. An important basis for this is the credibility and trust of our partners and customers. This report provides information about what accomplishments we could realize and what we want to achieve in the future. It is oriented to the guidelines of the Global Reporting Initiative (GRI) and, at the same time, presents our progress report in regards to the Global Compact of the United Nations.

We hope that all of our readers find this report informative and we welcome your suggestions at [corporate.communications@bshg.com](mailto:corporate.communications@bshg.com)



“Demographic change poses a major challenge for us. But we have already initiated important measures successfully – from conducting an ergonomic check on workplaces to the lifelong qualification of employees. At the same time, being recognized as one of the best employers in Germany, we are also offering young talent attractive opportunities for development.”

Johannes Närger



“Throughout the world, customers rely on our products because they stand for the highest quality. As a company, however, we are, increasingly also judged by how we design production and logistics in an environmentally conscious manner, and how fairly we treat our partners. Our brands stand for both: resource-sparing production and maximum customer benefit.”

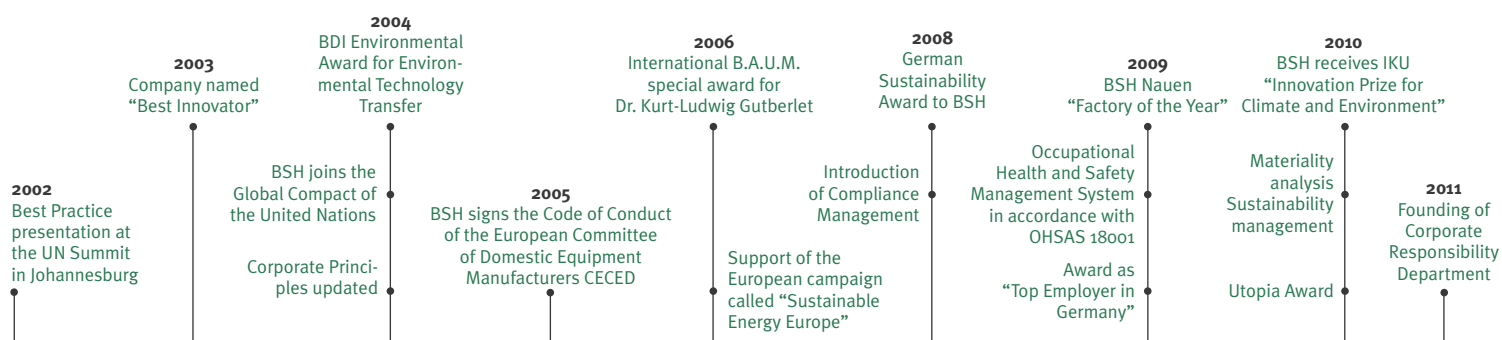
Jean Dufour

Dr. Kurt-Ludwig Gutberlet  
Chairman of the  
Management Board  
at BSH

Jean Dufour  
Brand Management,  
Corporate Sales and  
Logistics

Johannes Närger  
Finance, Corporate  
Development and Labor  
Relations Director

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



As one of the leading home appliance manufacturers in the world, BSH stands for values such as innovation, quality and reliability.

BSH Bosch and Siemens Hausgeräte GmbH was founded in 1967 as a joint venture by Robert Bosch GmbH, Stuttgart, and Siemens AG, Berlin/Munich. Today, BSH is the third largest home appliance manufacturer in the world and number one in Europe. The product portfolio includes the entire spectrum of modern household appliances from cooking, washing, drying, cooling and freezing, all the way to laundry and floor care as well as consumer products. As of December 31, 2010, 42 factories in Europe, Asia and North America were part of BSH, along with a worldwide network of sales and customer service companies in more than 40 countries. In June, 2010, the foundation stone for the new laundry technology center in Berlin was put into place, where some 700 people will be employed in the future. At St. Petersburg (Russia), the refrigerator factory was expanded and the new assembly line for washing machines, which provides work to more than 70 people, was put into service. In addition, construction began on a new washing machine factory that will employ more than 200 workers starting in June, 2012. At BSH in 2010, there were 42,841 employees, which was approximately 3,000 more than in the previous year and of which more than 70 percent were in Europe.

#### Growth through innovation

The global economic recovery also benefited BSH. In 2010, revenues were approximately 9.1 billion euros, almost eight percent more than the previous year, and earnings before taxes were 700 million euros, the best ever in the history of BSH. To be sure, business development from market to market was quite different – somewhat difficult in Eastern Europe but outstanding in Asia, especially in China. It was there that BSH invested 7.5 million euros, inaugurated a new center of competence for refrigerators in Nanjing in March of 2011, and laid the foundation for a new refrigeration plant in Chuzhou. Overall, BSH was



#### Selected awards in 2010 and 2011



IKU ("Innovation Prize for Climate and Environment") Germany



Energy Star Award USA



Spain Reputation Pulse Spain



Utopia Award Germany



Innovative Green Design Award USA



TPM Excellence Award Turkey



"365 Landmarks in the Land of Ideas" Germany



Consumer Electronics Association Innovations Award USA



Most Trusted Brand Russia

able to gain market share in 2010; sales in the area of super-efficient household appliances rose by 70 percent over the previous year and are now at 26 percent in Europe. This means that the BSH Super Efficiency Portfolio, which is validated annually by auditors, performed even better than expected. BSH is meeting the needs of different target groups with a wide range of brands: while Bosch stands for “superior quality and absolute reliability”, Siemens addresses customers with “fascinating innovations and groundbreaking progress.” A clear brand image also characterizes the special brands, such as Neff and Gaggenau, as well as regional brands in each country.

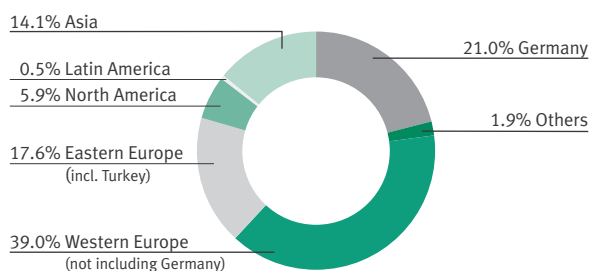
### Successful in competition

For its innovative and energy-saving appliances, BSH again received important awards in 2010 such as the Design Award of the Federal Republic of Germany in gold (Neff) and silver (Bosch), as well as the award from the critical consumer platform Utopia for the Zeolith® dishwasher. BSH also had the largest number of test winners among appliances: in 80 percent of the approximately 125 tests, BSH appliances were the winners or took home the “Best Buy” award. For the fifth consecutive year, the leading distributors from Euronics International voted BSH the “Supplier of the Year” and thus rewarded on-time delivery, product quality and customer service.

The basis for this success is our consistent innovation management, which achieved a record total 931 initial patent applications in 2010, and which then led to a total of more than 600 new patents filed. Thus, BSH, which is involved across a variety of industries, is among the 50 most innovative companies in Germany and is far ahead of its competitors. At the German Patent and Trademark Office, BSH was 6th in the current patent rankings for 2010; in Europe, it is ranked 28th among the most active patent applicants. These good results and the even better outlook prompted the credit rating agency of Standard & Poor's to raise the rating for BSH from A- to A in August 2010. In this way, the agency showed its appreciation for the BSH business model, its successful management of the economic crisis and its stable financial situation.

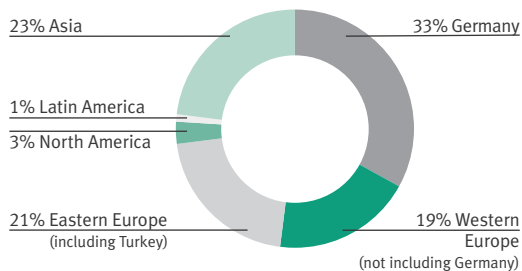


### Sales by region 2010



As at December 31, 2010

### Employees by region 2010



As at December 31, 2010

Our strategy focuses on the principles of sustainability and creates added value for the company, its employees and society.

Many different challenges shape the future and require new thinking and innovative solutions. Companies that consistently engage in these challenges place themselves in important future markets at an early stage and thus open up new opportunities for growth. As an international company, BSH contributes to globally sustainable development and, as a result, ensures its own long-term success. For us, the focus is on climate protection and energy efficiency. Fresh water shortages and demographic change also present challenges that we are facing with new ideas and innovative solutions.

#### Principles create obligations

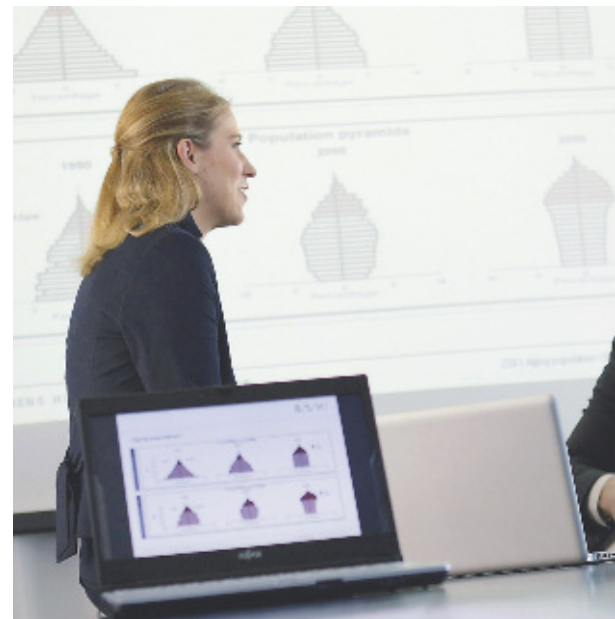
In the future, the strategy with which we will control and carry out our Corporate Responsibility is tied to the principles of our corporate mission statement (see Page 11). We have defined six areas as fields of activity: customers, products, employees, the company, society and the environment. In addition to the corporate principles, policies that apply to all employees and at all levels of the value chain at BSH include environmental policy, the principles of occupational health and safety policy, and our business conduct guidelines. In 2004, BSH also committed to the principles of the Global Compact of the United Nations. In 2005, we signed the Code of Conduct of the European Committee of Domestic Equipment Manufacturers, the CECED, where we have played a major role. The award as Germany's most sustainable company, which was subject to a comprehensive application and testing procedure in 2008, confirms our strategy and our actions.

#### Anchoring responsibility organizationally

The responsibility for the environment, employees and society rests with the management of BSH. In order to support it in this task – in addition to central departments such as environmental protection and occupational health and safety or human resources – a Chief Corporate Responsibility Officer who reports directly to the Chairman of the Board was appointed in early 2011. He is assisted by a CR Committee, in which the leaders of 15 business departments are represented. This committee meets monthly to decide on projects and prepare decision documents.

#### Recognizing challenges and expectations

During the past year, BSH conducted an international survey among its stakeholders to better assess their expectations. The evaluation of approximately 70 responses showed that BSH received good marks for sustainability management: 61 percent of respondents consider it to



BSH's corporate principles, environmental policy, occupational health & safety guidelines and business conduct guidelines can be found at [www.bsh-group.com](http://www.bsh-group.com)  
 ➔ What we stand for

➔ UN Global Compact  
 ➔ [www.unglobalcompact.org](http://www.unglobalcompact.org)

➔ CECED (European Committee of Domestic Equipment Manufacturers)  
 ➔ [www.cecled.org](http://www.cecled.org)





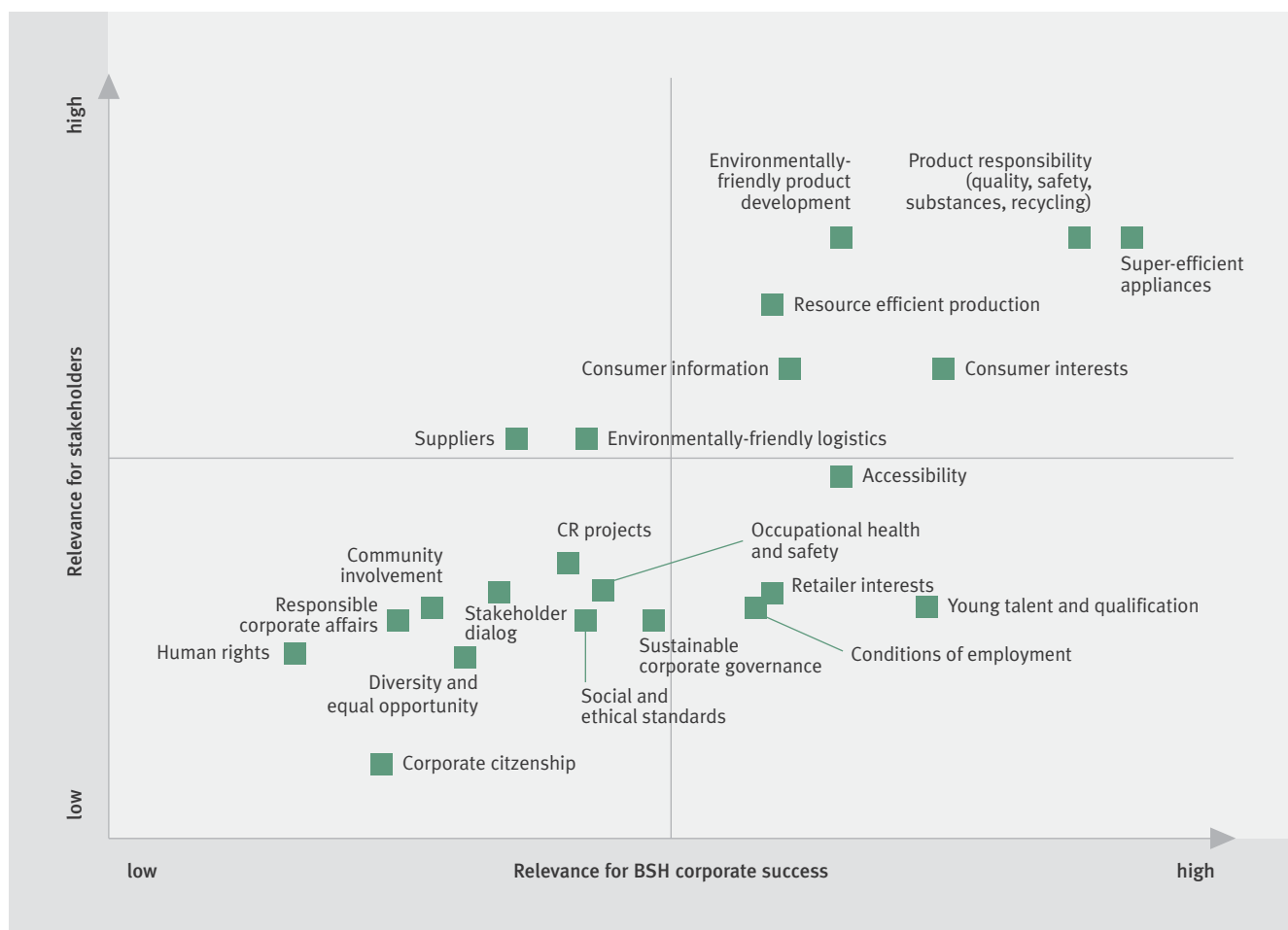
be above average, 33 percent consider it as satisfactory. When asked where BSH was strongest regarding responsibility, most named product and production-related environmental protection, occupational health and safety, as well as information for consumers. For the respondents important fields of activity for BSH were also in securing jobs, responsibility regarding suppliers as well as education and qualification. The most important issue for the future was identified by the participants as being the accessibility of home appliances.

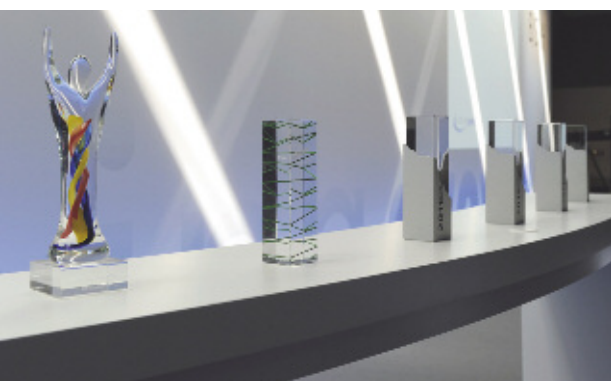
### Identifying key issues

The expectations of stakeholders and an internal survey in every area of the company formed the basis for the evaluation of the key issues (Materiality analysis, see figure) in the newly created CR Committee. This analysis is the compass for the further development of our CR strategy and will be repeated regularly in the future.

### Materiality analysis

Stakeholder expectations and assessment of business relevance





The objectives of resource conservation and energy efficiency characterize the daily work of our employees. The regular awarding of the Best Practice Award provides extra motivation to act in a sustainable manner.

ISO (International Organization for Standardization)  
[www.iso.org](http://www.iso.org)

OHSAS (Occupational Health and Safety Assessment Series)  
[www.bsigroup.com](http://www.bsigroup.com)

IÖW/future ranking of sustainability reports  
[www.ranking-nachhaltigkeitsberichte.de](http://www.ranking-nachhaltigkeitsberichte.de)

### Controlling and improving sustainability

Clear structures and defined processes have been established at BSH in all areas so that we can achieve our ambitious goals. Thus, since 1996, product environmental considerations have made the integration of guidelines for resource conservation and energy efficiency mandatory for every development project. Almost all BSH locations are both ISO 9001 certified (quality) and ISO 14001 certified (environmental protection). For many years, locations and factories have been measuring their environmental performance on the basis of key figures (see Page 34). Since early in 2009, the rules related to occupational safety management at BSH have been directed strictly at international standard OHSAS 18001.

BSH also contributes a Best Practice Award for the continuous improvement of processes, which we use for distinguishing the ideas of our employees worldwide. It was awarded in 2011 for the third time, and, during the announcement process, more than ever placed the emphasis on process orientation and sustainability. A total of 116 applications were received. The special award for employees, the environment and society was given to the product area cooking for its initiative in increasing energy efficiency in its factories.

### Cultivating an exchange with stakeholders

The rising expectations of our stakeholders provide us with important ideas for future developments. In order to include them at an early stage and to integrate them into our actions, we maintain worldwide contacts with consumer and environmental organizations, to science as well as to customers, authorities and residents – through direct discussions, open house days at our locations, at fairs, as well as through our memberships in industry associations and in the German Global Compact network.

We are in close contact with consumer associations and organizations, which address questions on the most widely varying of issues to BSH. As a result, we must prove that the high environmental and quality requirements on our products are taken into account throughout the entire value chain. An important foundation as well as component of the dialog with our stakeholders is the annual Sustainability Report. It is based on the internationally recognized guidelines of the Global Reporting Initiative (GRI), and also makes our actions understandable and comparable by means of key figures.

In a ranking of sustainability reports from the 150 largest companies in Germany, our 2008 report took eighth place. As a result, it was distinguished as the best report of the home appliance industry by future e.V. and the Institute for Ecological Economy Research (IÖW), which perform the ranking with the support of the German Council for Sustainable Development and the German Federal Ministry of Labor and Social Affairs.

## Strategically aligning a commitment to sustainability



To focus, strategically direct and make our activities visible – with this task, the newly established Corporate Responsibility Department began its work in early 2011. Dr. Peter Böhm, who heads the Department and was previously responsible for the Energy Excellence Initiative at BSH, reports directly to the Chairman of the Board, Dr. Kurt-Ludwig Gutberlet, in regards to corporate responsibility (CR) and sustainability.

### CR Committee created

The creation of this new Group function was preceded by a broad review: in order to firmly establish and extend the leading role played by BSH, every area of the company indicated where it saw its priorities residing. Strengths were identified as honestly and frankly as weaknesses. “Our being selected as the most sustainable company in Germany in 2008 has proven that we at BSH are already far ahead overall. But we must orient and control our activities more stringently,” said Böhm. The 15-member CR Committee met in February, 2011 for the first time; in the future, the leaders from every area of the company will meet every month. The agenda includes projects and decisions that are to be discussed across departments or that indicate a strategic move.

### Defining appropriate metrics

To carry out the agenda, work groups were designated in all six action areas – customers, products, employees, the company, society and the environment. “For all CR activities, we make sure that the relationship to the business purpose, i. e. , household appliances, is established. In this way, we can make a constructive contribution to sustainable development,” said Böhm. After all, it is a matter of credible business conduct. And for that, it also needs suitable metrics, because “only what can be measured can be improved in a goal-oriented manner.” Böhm is speaking from experience: the Group-wide Energy Excellence Initiative has shown what is possible when a cross-cutting issue is integrated into business planning, goal setting and processes; today, the issue of energy efficiency can be found everywhere throughout the entire value chain and is shaping the image of BSH and its brands.



Dr. Peter Böhm  
Corporate Responsibility Officer  
at BSH

» We can only ensure economic success in the long-term if we also fulfill environmental and social requirements. To always keep this in mind is the task of our CR strategy, which creates value for BSH and for the society. Internally and externally, it contributes to acceptance and trust, and opens up opportunities for new sustainable business models.«

For society we want to be a reliable partner, acting with integrity and opening up new opportunities.

The economic crisis is over, but the gap between rich and poor is increasing throughout the world. In many regions of the world, society is facing a crucial test. Values such as integrity, moderation and responsibility, which gained in importance during the crisis, will continue to remain important. They are prerequisites for social stability, without which the economy cannot function in the long-term.

#### **Acting with integrity**

Integrity and legally compliant behavior is part of the corporate culture at BSH. Clear regulations, such as the Business Conduct Guidelines and those pertaining to employee training that have been in force throughout the company since 2006, are also part of our Compliance Management as is the systematic investigation of rights violations. To reliably embed these processes into the company, the Compliance Team was expanded in early 2010. The facts in the investigation initiated last year by the Munich public prosecutor for unfair sales promotion activities against BSH were able to be fully clarified by the Compliance Organization. The case against the company was concluded at the end of the year.

#### **Acting in an exemplary manner throughout the world**

The BSH Business Conduct Guidelines stipulate our values and principles in dealing with each other as well as with business partners. They are obligatory for all employees worldwide and provide guidance in daily activities. This is particularly important because we operate in many countries with different cultures and legal provisions. Their implementation is supported by our Compliance Management team, which is composed of approximately 50 compliance officers worldwide at various locations. Employees who wish to report a violation can contact these experts or an independent ombudsman.

To establish the importance of values and legally conforming actions within the consciousness of every employee, we started a comprehensive online training program in several languages in 2008. Participation is mandatory for senior and middle management, and officers and employees with customer and supplier contact. But every employee may make use of it. Worldwide, 10,000 people completed the online compliance training program in 2010. Since 2009, the compliance program has been an integral part of the management training courses offered by the BSH Academy.



Integrity, environmentally oriented and responsible conduct throughout the value chain contributes to sustainable development – for society and for the company.



### Setting standards in the supply chain

Every year, we purchase more than four billion euros worth of raw materials, of which about 50 percent come from so-called low-cost countries. We use our opportunities to work towards socially and environmentally responsible practices with our suppliers: Since 2007, the Code of Conduct for BSH suppliers has been part of our vendor contracts and requires all suppliers to act in accordance with the principles of BSH. It is based on the Global Compact of the United Nations, as well as on the conventions of the International Labour Organization (ILO).

Our preferred suppliers for production materials have signed a corresponding declaration of commitment. They represent more than 95 percent of our total procurement volume. We also expect them to have implemented an environmental management system. New suppliers must accept our Code of Conduct; we also subject them to a basic audit that takes into account social and environmental considerations. Since 2009, BSH has been involved with the YADE project of the DEG ("Deutsche Investitions- und Entwicklungsgesellschaft mbH") for the qualification of suppliers in China: Workshops and training provide expertise in production organization, quality assurance, environmental protection, occupational health and safety, and social standards. 54 Chinese companies have been involved so far; in addition, all the partners together have compiled a guide for occupational safety.

### Contributing to economic development in the regions

In most of the regions where BSH is active, it provides a substantial proportion of the jobs and the training, and is an important employer in the domestic economy. Connected with this is a great responsibility for the sustainability of the regional environment. We come about this by the proper payment of taxes and fees in accordance with the actual value added at the location. And we invest in local infrastructure: For our 29 worldwide buying locations, the fundamental requirement to favor domestic suppliers and to keep the transport routes short applies. Particularly in new markets and emerging countries, we promote the settlement of suppliers at our locations and support them, for example, by introducing environmental management systems and occupational health and safety.

### Promoting training and expertise

The greatest and increasingly important contribution that we are making to sustainability in the regions is the basic and advanced training that we offer. As early as 1997, we transferred our dual training system, which was proven in Germany, to our locations in China. In 2000, this successful model was also implemented in the factories in Turkey and linked to intensively used training offerings by the junior staff of our local suppliers. BSH also continues to provide expertise in its surroundings: This is the case in Spain, for example, where young people



Fair cooperation with our suppliers and qualified training at our locations are prerequisites for high quality products and for having the trust of our customers.

International Labour Organization (ILO)  
[www.ilo.org](http://www.ilo.org)



To enable people to act in a sustainable manner through knowledge, expertise and new product concepts is a matter that is being pursued by BSH throughout the world. By the plant oil cooker called Protos, we are also creating jobs.

learn more about energy efficiency through BSH-sponsored energy saving projects in schools, and in Germany with the project called “Focus macht Schule”, which offers teaching materials for teachers. In Turkey, energy experts from our Profilo brand come to informational presentations at the locations of customers, who also invite neighbors and friends. All participants receive an manual on saving energy and learn how to save electricity at home.

#### **Designing user-friendly appliances**

User-friendly appliances that meet the particular needs of older or handicapped people are always in demand. This is because the principle of “barrier-free design” ultimately makes it easier for everyone to deal with complicated technology. BSH is therefore pursuing the concept of “Design for all” and has already received several design awards in this regard. Together with other home appliance manufacturers, consumer organizations and scientists, BSH is working to develop international standards oriented to the specific requirements of these user groups.

#### **Developing products for increased sustainability**

Production of the second and technically revised generation of our plant oil cooker Protos was launched last year in Indonesia. These appliances are produced by a local manufacturer. So far, more than 1,000 cookers are in use in Indonesian households. Where wood was once burned to prepare food, the plant oil cookers now provide an environmentally-friendly and health-preserving alternative for developing countries. Along with this is linked a local production and marketing concept that creates jobs in the production of oil from domestic plants, in the production of the cookers, and in sales.

#### **Reliably informing consumers**

Initiated by the European Committee of Domestic Equipment Manufacturers (CECED) and the European Commission, the labeling for a total of 80 refrigerators and freezers was checked by independent laboratories throughout Europe within the framework of the ATLETE project (Appliance Testing for Energy Label Evaluation). In April 2011, the CECED presented the results: The four tested models by Bosch, Siemens and Balay were labeled properly in all the categories of the European energy label. This does not, however, apply to all the 80 appliances that were tested. BSH will therefore continue to lend its support for a functioning market surveillance effort in order to strengthen energy efficiency as a selling point, to retain the confidence of consumers, and to ensure fair competition.

## New consumption patterns promote energy efficiency



Internet platforms, shopping guides and guerrilla campaigns in the retail industry show that consumers have become more aware and are questioning their consumption habits. Environmental and social criteria characterize not only the wish list for so-called LOHAS (Lifestyle of Health and Sustainability). For other consumer groups as well, energy efficiency, for example, has become an important selling point.

### Super-efficient appliances are part of the trend

Because of its Super Efficiency Portfolio, which only brings together the most efficient appliances, BSH has positioned itself as a pioneer in the market. For its new developments in this area, it has received numerous awards. In particular, the Zeolith® dishwasher, which uses up to 30 percent less electricity than the previously most efficient dishwasher because of an innovative drying system, impressed both politicians and consumers: In February 2010, the Federal Environment Ministry distinguished it with the “Innovation Prize for Climate and Environment (IKU)”, and in October, it received an award from the critical consumer platform Utopia. The jury praised the dishwasher as being “part of the revolution in home appliances and environmental protection”, which considerably spares user's wallets and raises energy efficiency to a new level because of its innovative Zeolith® technology.

### Energy savings as a selling point

In view of steadily rising electricity prices, it is understandable that the super-efficient appliances from BSH are addressing current needs. But no one had expected that sales would develop so positively in this BSH segment: with 3.1 million appliances sold, sales in Europe in 2010 increased by 70 percent over those of the previous year. As a result, BSH generated approximately 30 percent of its revenues in Europe from super-efficient appliances. But the differences between individual countries are great, and even in Germany, where 63 percent of consumers favor “green products”, 58 percent felt that they were too expensive according to the study called “Green Brands 2010” by Landor Associates. Manufacturers must therefore provide tangible monetary benefits through significantly lower operating costs, even for super-efficient appliances. We would like to better communicate such win-win situations in the future and consciously support change as a result.



Prof. Dr. Lucia A. Reisch  
Copenhagen Business School and  
Member of the Board of Trustees  
of the Utopia Foundation

» Companies must explain things to consumers, simply and understandably. This includes emphasizing the gains that they will realize as a result of change. Because the cost of the necessary changes will then be more acceptable. Therefore, for example, the average energy costs for the operation of electrical appliances should be cited in addition to their purchase prices. Some supposedly affordable models will then appear to be quite expensive.«



For our employees, we are an attractive employer that offers comprehensive qualification opportunities worldwide.

Numerous development opportunities, good working conditions and a value-oriented corporate culture characterize the reputation of BSH. We also followed these principles during the economic crisis and have taken care to retain employees and to offer them attractive career perspectives. Today, BSH employs about 3,000 people more worldwide than in the previous year. Especially in China, but also in Germany, Turkey and Southern and Eastern Europe, new positions were created – particularly in manufacturing and in development. In Germany alone, BSH hired more than 100 engineers last year.

#### **Recruiting qualified young talent**

To position BSH in the labor market as an attractive employer and to continue to recruit qualified young talent, we take part every year in the “Top Employer Germany” competition sponsored by the CRF Institute: among more than 100 qualified companies, BSH finished in 6th place during the spring of 2011. For the first time, we also participated in the “Top Employer Engineers” (CRF) ranking and took 4th place. In the category of “Innovation Management”, BSH received a perfect score and thus the top position. These results also support our activities for the early commitment of talent, which we strengthened in early 2011 with our new student retention program called “students@BSH”. Our attractiveness as an employer is demonstrated by our low fluctuation rate: last year at BSH in Germany, it was 2.6 percent.

#### **Personnel development from the start**

For many years, we have been offering custom-made ways of getting started at BSH through attractive programs for high school and university graduates. We support the potential of our junior employees through the Junior Executive Pool (JEP) and the International Executive Pool (IEP). In 2010, the JEP had 575 junior BSH employees, 40 percent of whom came from international BSH companies; the proportion of women was at 29 percent. About 100 young employees for international management positions were represented in the IEP, and 15 percent of these were women. In the Senior Executive Program (SEP) for members of senior management, the proportion of female managers was at 13 percent. BSH offers attractive paths for development in every area. By choosing the career path “Project management”, employees can systematically build up their experience and qualifications in project management for product and IT projects, and develop into Project Managers, Senior Project Managers or Project Directors.



Part of the corporate culture at BSH consists in making lifelong learning possible for employees and promoting open communication among them.







### Ten Year Anniversary of the BSH Academy Corporate

The BSH Academy Corporate celebrated its tenth anniversary in 2010. It provides managers and employees throughout the Group with a broad range of qualification opportunities, and supports lifelong learning. A focus in 2010 was the expansion of demand-oriented qualification courses. A worldwide qualification program was implemented for the continuous improvement of leadership skills for all management. Multimedia learning opportunities are available to many employees in their native languages. For example, there is special training on compliance issues in eleven languages. Besides its own educational establishment at the convent Zangberg (Germany), the BSH Academy is represented at every German location, as well as at many international locations, and provides an intranet portal for online booking of trainings. These form the infrastructure for qualification and learning at BSH.

### Communication strengthens company culture

The employee survey that was introduced in 2007 has been successively extended. In 2010 it was conducted in 22 countries according to international standards. This means that all BSH countries are now included in this systematic survey. The average participation rate was 85 percent in 2010 (previous year: 82 percent). It demonstrates not only the strong identification that employees have with the company, but also their great interest in shaping the success of BSH. A monitoring system to document and track the measures resulting from the survey was introduced in 2010 in Germany, Slovenia, Great Britain and Spain; other countries will follow. In Germany, over 1,600 measures were identified and carried out.

One of the measures resulting from the BSH employee survey is “Feedback for Managers”, first introduced in 2010 in Germany, Poland and Russia. In an analogous manner, the internationally used “Human Relations Barometer” was revised for employees in the production system. Just like the “Feedback for Managers”, it allows an anonymous evaluation of management behavior and cooperation. BSH management promotes open communication, including those that take place using the dialog platform called “Straight to the Board of Management”, which has been available to all employees worldwide since the end of 2010 over the BSH intranet. It is here that employees can put questions to the management.





As a global company, BSH pays attention to cultural exchange, diversity and equal opportunity aspects, all of which will be even more important in the future.

### **Diversity as a benefit**

For BSH as a globally active company, cultural diversity represents a source for creative solutions. To take advantage of this, we are forming mixed teams for many development projects, teams that integrate different experiences and viewpoints. Diversity and mutual respect are key principles of our Human Resources Policy and our Business Conduct Guidelines. BSH management explicitly supports the exchange of expertise in the BSH world: currently, 199 German employees are working in foreign countries (expatriates) and 111 employees from different nations are employed in BSH companies in other countries (inbounds and cross-country transfers). Discrimination based on sex, age, religion or ethnic origin is not tolerated at BSH.

### **Equal opportunities for women**

Throughout the world, BSH ensures that women and men are employed under the same conditions and have the same opportunities for professional development. In May 2010, we confirmed this jointly with other companies by signing the “Münchener Memorandum für Frauen in Führung”. To inspire young female employees in technology, almost all German locations participate in Girls' Day. In the commercial sector, 64 percent of our trainees and “DH” (cooperative state university) students in Germany are women; in the technical area, however, the percentage is lower. Because of our flexible working hours, and part-time and teleworking models, we offer good conditions for balancing career and family – something that is also becoming more important for male applicants.

### **Mastering demographic change**

Because of demographic changes, the retention of young employees and professional personnel development, especially the needs of older employees, is now coming into focus. Health care, ergonomic improvements and suitable training opportunities are topics on which we have been working more and more since 2007. Here again, the ideas of our employees are valuable: in particular, numerous proposals were submitted in the field of ergonomics for the 2011 Best Practice Award. Even today, the “Ergo-Check” for workstations is standard at nearly every German and international production site. At the four largest sites, in-house assembly lines for older employees with health-related restrictions are running successfully.

### **Fairness counts**

In the European Committee that was founded in 1996, BSH informs the employee representatives of European BSH sites regarding cross-national decisions and employee issues in Europe. An annual meeting also takes place, and it serves for exchanging information and engaging in dialog with BSH management.

BSH calls for temporary workers only from companies that employ their workers in accordance with an applicable wage agreement. Moreover, as a member of the “Fair Company” initiative, for example, BSH ensures that trainees are paid appropriately.

## Not working less, but working easier



Demographic change makes it necessary to critically scrutinize the processes in the production areas. This is because the workforce is aging overall. The working world must orient and adjust itself to this fact. To prepare itself and its employees for the challenges ahead, BSH developed and implemented, along with many other measures, a pilot project dedicated to “future-oriented work systems”.

### New assembly line makes working easier

At Traunreut in early 2010, an assembly line went into operation where the stations are especially suitable for older employees with health restrictions. This assembly line is the result of successful teamwork between the company doctor, the works council, the representatives for people with disabilities, the personnel department, the process planners, and the shop floor managers. Above all, it is a response to changing requirements for the appropriate and sustainable employment of aging employees. It is therefore possible to work on the new assembly line in either a sitting or a standing position. The movements of the employees will be relieved by tools that assist in inserting and bolting, and a uniform pace of work will be maintained by controlling the speed of the cycles. Dr. Lothar Gebauer, Head of Assembly and Planning at the cooking factory in Traunreut said, “There are currently 15 employees who are more than 55-years old and health restricted working on the line that is speed-controlled. From an ergonomic point of view, whatever support they need in order to have an ideal station for working on the line is provided.”

### An investment that pays for itself

Of course, all of this must be cost effective. A number of factors are decisive in this regard, and these go far beyond the mere design of the working stations. For this reason, direct management in Traunreut was trained with external support, the employees could get to know each other before the work started, and the employees were introduced to normal work output over a period of several weeks. That this concept is right has been proven both by the reduced amount of sick leave and the positive results of the cost effectiveness analysis. For Gebauer, this pilot project is therefore just the beginning: “Together with scientists, we will develop solutions, so that, in the future, we can employ everyone in an age-appropriate manner.”



Dr. Lothar Gebauer  
Head of Assembly and Planning  
Product Area Cooking,  
Traunreut Plant

» In the future it will be more and more important to utilize employees of all ages according to their requirements. Our special assembly line for older, health restricted employees shows that this also makes sense economically. The fact that we involved all the parties in the development secured acceptance by all the parties. This is how we are successfully facing up to demographic change.”



We consistently focus on energy efficiency and resource conservation – both in our products and in production.

At BSH, having comprehensive environmental protection at all levels of the value chain is one of the principles of corporate responsibility and, at the same time, a driver for innovation. Last year, in addition to the requirements for climate protection, which we satisfied by having the highest energy efficiency in our production and our products, the topic of material efficiency became a focus of greater importance. This is because, with populations and prosperity growing around the world, important raw materials and metals are becoming increasingly scarce.

#### Developing efficient products

About 90 percent of the pollution that arises during a product life cycle is caused by the consumption of energy, water and cleaning agents in the household. Despite the high energy savings that we have already achieved, we are now paying particular attention to the utilization phase of our appliances. The fact that these appliances are among the most economical in the world is proven not only by our key figures (see Page 25), but also by numerous product tests and many awards. BSH engineers are working daily on technical solutions to improve the operating convenience and performance of the appliances while, at the same time, reducing their electricity and water consumption. As a guide for this, they use systematic product environment analysis, which was developed by us.

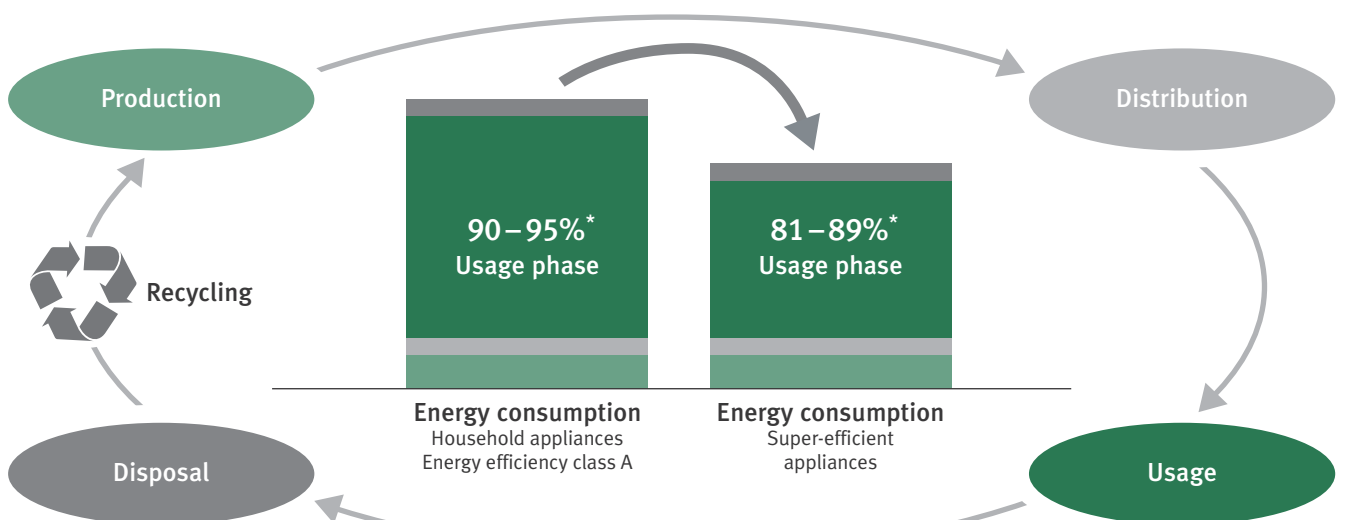
For example, the new i-DOS system for washing machines shows that they succeed again and again in producing pioneering innovations: this system automatically detects the load size by itself, as well as the



The usage phase of household appliances accounts for up to 95 percent of the environmental impact that arises during the product life cycle. This ratio can be reduced significantly by our super-efficient appliances. For this reason, the development of resource-conserving products is the most sustainable contribution by BSH to environmental and climate protection.

#### Environmental protection throughout the product life cycle

Illustrative representation



\*) according to product



degree of soiling, and then dispenses only as much liquid detergent as is necessary for optimal washing results. This saves both water and electricity – compared to energy efficiency class A washing machines, these appliances require 30 percent less electricity and up to 7,000 liters less water per year. Given these successes, we welcome the newly designed energy label by the European Union even more. Customers can now go to their dealers and see the actual appliances that use the least amount of resources. The new labeling has been in force since the end of 2010 for refrigeration appliances, washing machines and dishwashers.

### Increasing the sales of super-efficient appliances

We collected our most efficient appliances into a Super Efficiency Portfolio and, for the first time in 2009, calculated the sales from this portfolio. In 2010, sales of these appliances in Europe increased by 70 percent over the previous year; the super-efficient appliances had a 30 percent share of BSH sales throughout Europe. In the future, we want to continue to increase the sales of our super-efficient appliances. Because of them, we are making a significant and measurable contribution to climate protection and are helping our customers to substantially reduce electricity costs. On the basis of sales figures and the average useful service life of the appliances, we have calculated that our Super Efficiency Portfolio contributes to reducing power consumption by 1.9 billion kilowatt hours. This corresponds to the needs of over 500,000 private households. As we have been doing since 2009, we have had these data confirmed by an auditor. In April 2011, BSH received the Hermes Innovation Prize from the European Institute for Creative Strategy & Innovation, Paris. With this prize, the jury recognized the Super Efficiency Portfolio, which positions BSH as the pioneer in the market.

### Increasing resource efficiency at every location

Even in production, we have set ambitious goals for ourselves: In the next five years, the Group project called “Resource Efficiency 2015” should reduce the Group-wide need for non-product related resources by 25 percent. This includes all forms of energy, water and liquids, such as oils, fats and chemicals, as well as solids, from paper to plastics all the way to metals. In the Model Factory for Energy Productivity (LEP) at the Technical University of Munich, BSH employees, together with students from the university, determined approaches to conserving energy and resources. To implement the ambitious reduction targets, BSH will introduce restructured, systematic energy management.

A top rating for our information technology shows that environmental goals are consistently followed and implemented at every BSH location. An expert investigation of the server and storage areas in the summer of 2010 resulted in BSH receiving the Best Practice award for “Green IT”. For example, IT was able to increase server performance by 100 percent through virtualization without the need for more electricity. The investment of two million euros into 120 high-definition video conferencing systems not only saves on travel expenses and time, but also makes a significant contribution to reducing CO<sub>2</sub> emissions.



In 2010 the cost-efficient production throughout the entire value chain made the BSH factory in Nauen the “Factory of the Year” once again.



BSH implemented concepts in environmental protection and occupational safety in every area of the company – from education and training through production and all the way to logistics.

### **Providing safety at work worldwide**

Matters of environmental protection and work safety often go hand in hand during production. For this reason, BSH has bundled the tasks. The Department of Environmental Protection and Safety created binding internal guidelines and monitors compliance through internal audits. At all BSH locations, specialists for occupational safety and environmental protection officers, who report to headquarters, are designated. For many years, thanks to our high standards for the planning and construction of new facilities, we have been able to point out our non-hazardous, as well as ergonomically and safely designed, manufacturing processes. In recent years, we achieved major improvements in occupational health and safety, which depend far more on the individual behavior of employees, through training, awareness-building measures and a unified management. Today, in every country where BSH operates, occupational health and safety has reached a comparably high level.

### **Environmentally-friendly disposal and recycling**

Although refrigerators and freezers have been free of CFCs since the early 1990s in Europe, many used appliances that contain CFCs still come back from households for disposal. For recycling, the waste management services at BSH must therefore meet and demonstrate high quality standards according to the state of the art. To check these requirements, BSH in Germany in 2008 established an external certified quality assurance system: on behalf of BSH, independent consultants annually perform approximately 100 audits of disposal operations. As a result, within the framework of our responsibilities as a manufacturer, we are voluntarily going beyond our legal obligations, which are to ensure that we operate according to regulations when performing waste disposal services. Together with associations and NGOs, BSH implemented field trials in Germany from 2010 to 2011 so that an independent consultant could determine the CFC quantities actually recovered during the normal operation of representative facilities. BSH will address the identified improvement potentials and will take them into consideration in future audits.

We are also requiring the recovery systems that are working for BSH throughout Europe to check their contract partners according to accepted industry standards. These standards, which were created with the assistance of BSH, regulate the collection, transport, storage, handling and, in particular, the preparation of refrigerators and freezers. Currently, they are adjusted and extended to the state of the art within the European standardization.

### **Building awareness through environmental commitment**

Awareness of environmental issues is part of the training at BSH. As a result, a tradition developed at the Çerkezköy site in Turkey: Starting in 2001, trainees at the BSH location in Turkey together have been planting trees once a year. For this purpose, each of them donates five seedlings and BSH doubles the number. The city provides the constantly increasing plot of land for the forest that now has approximately 9,500 trees; the local forestry commission advises on the selection of suitable tree species. In the future, all BSH employees at the site will actively assist the trainees in their planting activities.



## New directions in logistics



New concepts at Nauen and Giengen show how we optimally combine modes of transport according to cost and environmental aspects and shift more traffic to rail transport. From Nauen alone, up to 400,000 more large appliances per year will be transported in the future by rail. And in Giengen, BSH together with DHL is implementing a multi-modal logistics concept that optimally combines different carriers, such as trucks, trains and ships. The objective is to use the railway, the most environmentally-friendly means of transport on land, as much as possible.

### BSH becomes a logistics expert

In 2010, BSH Container Terminals in Nauen went into operation, as well as the world's busiest logistics site, Giengen, which is located in Baden-Württemberg. Home appliances start off from there directly by rail – rather than by truck as before – to the ports of Europe. In the future, hundreds of thousands of large appliances will be sent out from there for export. The terminal in Giengen provides heavy containers with a storage area the size of a football field; new tracks with a total length of 700 meters assist in maneuvering. Other companies can also use this infrastructure: “I find it particularly exciting that value chains break off here because of rethinking, and businesses undertake entirely new tasks. In this form, this is unique for us so far,” said Dr. Jürgen Klenner of DHL.

### Networking saves money and reduces CO<sub>2</sub> emissions

For this project, BSH is both a customer and a service provider at the same time. This is because it also handles the loading and unloading, as well as the distribution, of goods for other customers of DHL subsidiaries in the southwest region. BSH has invested a total of two million euros in this logistics cooperation and created ten new jobs. The results are impressive: The shift to rail by both BSH and the other participating companies has reduced CO<sub>2</sub> emissions by up to 60 percent. Shorter transport times and reduced costs have satisfied all the parties. At this time, the successful logistics duo of BSH and DHL is completing contracts with other service providers and shipping companies in order to use the terminal permanently and optimally.



Dr. Jürgen Klenner  
Vice President Strategy & Program  
Management, DHL Global  
Forwarding GmbH

» The new container terminal reduces CO<sub>2</sub> emissions and transport costs. For both companies, it is a true win-win situation that perfectly combines ecological and economic objectives. This collaboration shows the importance of thinking beyond organizational boundaries. By enabling local businesses to benefit from our convenient connections to seaports, we are creating added value for the region.”

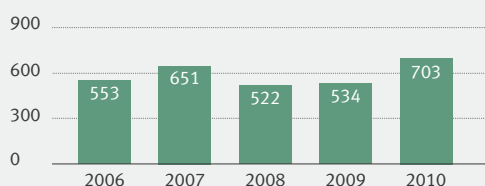
### Sales trend

In billions of EUR



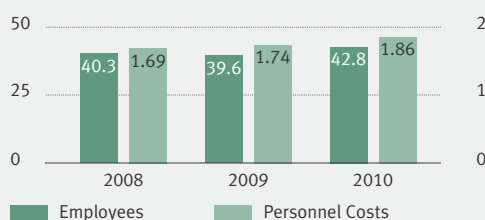
### EBIT

In millions of EUR



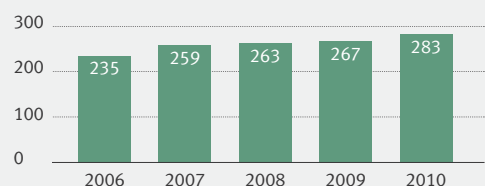
### Employees and personnel costs

Employees in thousands    Personnel costs in billions of EUR



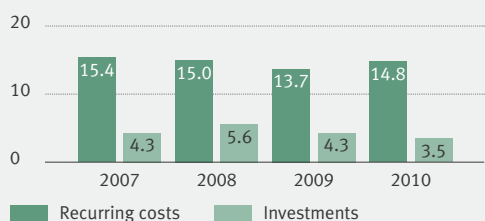
### Research and Development expenses

In millions of EUR (without investments)



### Environmental costs

In millions of EUR



### Sales trend

In the year under review, consolidated sales at BSH were 9.073 billion euros, which is 7.9 percent greater than the level for the previous year. In Germany, the Group achieved an increase of 3.4 percent with sales of 1.906 billion euros. Overall, the foreign share of Group sales rose to 79 percent (previous year: 78.1 percent).

### Earnings, taxes and subsidies

In 2010, earnings before interest and taxes (EBIT) amounted to 703 million euros. This corresponds to 7.7 percent of sales. Across the Group, the tax rate in 2010 was 32.5 percent. Of the total of 224 million euros in taxes for the Group, Western Europe accounted for 53 percent, thereof Germany for 67.6 percent. In regards to other countries, Eastern Europe accounted for 8.9 percent, Turkey for 10.9 percent and Asia for 8.7 percent. During the reporting year, BSH paid 71.3 million euros in taxes in Germany. For investments, we received approximately 2.04 million euros in state subsidies worldwide in 2010.

### Employees and personnel costs

By December 31, 2010, the Group had 42,841 employees worldwide (in Germany: 14,194; in other countries: 28,647), including apprentices. This is approximately 8.1 percent more than at the end of December 2009. Recruitment occurred mainly in China, but also in Turkey and Germany – to a minor extent in Russia, Poland and Slovenia. 33 percent of the employees work in Germany, 19 percent work in Western Europe (excluding Germany), 21 percent in Eastern Europe (including Turkey), 23 percent in Asia, three percent in North America, as well as one percent in Latin America. The total personnel expenses were 1.858 billion euros.

### Research and Development expenses

In 2010, the Group spent 283 million euros on Research and Development (R & D), which is an increase of 6 percent over the previous year. With its R & D share being 3.1 percent of sales (previous year: 3.2 percent), BSH is well positioned in international competition. In 2010, the number of employees in R & D increased to 2,503, approximately 1,400 of whom were in Germany.

### Environmental costs

BSH recorded its environmental protection expenditures and investments across the Group. Across the Group in 2010, the ongoing expenditures for environmental protection (operating expenses, capital and personnel costs as well as fees) amounted to 14.8 million euros. This represents an increase of eight percent over the previous year. Points of focus were the costs for waste management (52 percent) and for soil and water conservation (33 percent), while the costs for air pollution control, climate protection and noise control amounted to 14 percent. 93 percent of the costs for environmental protection by BSH were incurred in European factories, including 80 percent in Germany. Environmental protection investments in 2010 amounted to a total of 3.5 million euros. 95 percent of the investments were made at European locations, of which 74 percent were in Germany.



## Energy Efficiency of the Products

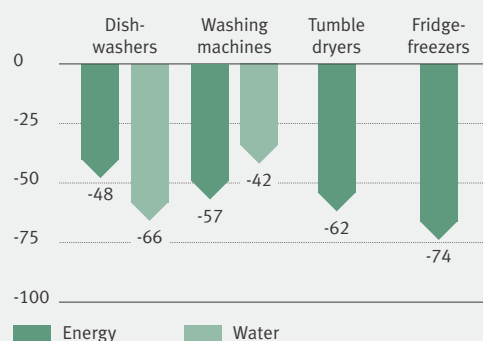
By developing energy-efficient home appliances, BSH makes an important contribution to climate protection and helps customers reduce their electricity bills. In recent years, we have substantially reduced the consumption figures of our home appliances. Today a fridge-freezer combination uses up to 74 percent less electricity than a comparable model from 15 years ago. For washing machines and dishwashers, the best energy-efficiency class A – until the introduction of the new EU energy label in December 2010 – has become the market standard. Our most efficient washing machines and dryers use up to 50 percent less electricity than required for energy efficiency class A and our dishwashers with their multi-award-winning zeolite technology consume 30 percent less electricity than class A appliances. We have also reduced the water consumption of our appliances considerably in the last 15 years, by as much as two thirds in the case of dishwashers. Today our most efficient dishwashers only need 6.5 liters of water per cycle.

That is why we have brought the most efficient of our refrigerators, freezers, washing machines, dryers and dishwashers together to form a portfolio of super-efficient home appliances. European sales of these appliances rose by about 70 percent year on year in 2010, when super-efficient appliances already accounted for 26 percent of the total number of units sold in Europe in these product groups (2009: 15 percent). In terms of revenue share, these appliances accounted for as much as 30 percent. Our 2010 European sales of appliances from the Super Efficiency Portfolio bring savings of about 1.9 billion kilowatt hours of electricity, calculated over the average useful lives of the appliances. You can find further information about the calculation basis for these figures at [www.bsh-group.com](http://www.bsh-group.com)

All dishwashers produced and marketed in Europe by BSH in 2010 belonged to energy efficiency class A. Of those, 28 percent were as much as 30 percent more efficient than required for class A. The washing machines are even more impressive, with 96 percent being up to 50 percent more efficient than required by energy efficiency class A. The super-efficient heat pump dryer, also up to 50 percent more efficient than class A, already has a share of 25 percent (last year: 17 percent).

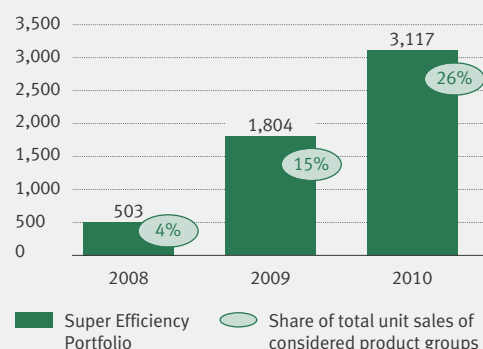
On December 20, 2010, the European Union modified the energy label to allow for greater differentiation in the highest efficiency classes. For refrigerators, freezers, washing machines and dishwashers, up to three new energy efficiency classes (A+, A++, and A+++) were introduced. The new labels also provide information about an appliance's annual consumption of energy and water, as well as its noise emissions. Initially, labelling by manufacturers with the new energy label is voluntary; it becomes mandatory at the end of 2011. BSH appliances in the best energy efficiency classes are already on the market in all three product categories.

## Reduction of energy and water consumption from 1995 to 2010

in percent<sup>\*)</sup>


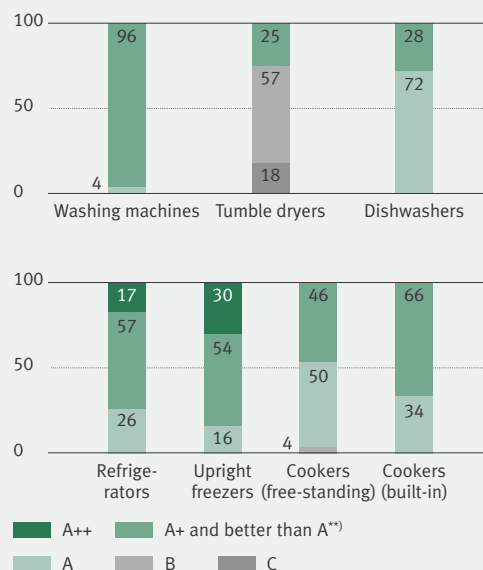
<sup>\*)</sup> Comparison of the consumption values, as determined based on the standard program, for our best 2010 appliances (Bosch and Siemens) with similarly determined consumption values for comparable appliances (Bosch and Siemens) from 1995.

## Units sold of our super-efficient appliances

Europe unit sales<sup>\*)</sup> in thousands


<sup>\*)</sup> EU, Croatia, Norway and Switzerland

## Energy efficiency classes 2010

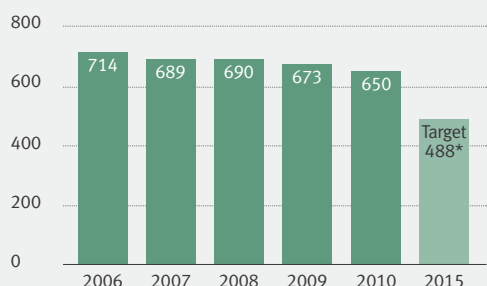
Share in percent<sup>\*)</sup>


<sup>\*)</sup> 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 2010.

<sup>\*\*)</sup> Indicates refrigeration appliances in category A+ and other home appliances that exceed the requirements for energy efficiency class A by at least 10 percent.

### Energy consumption

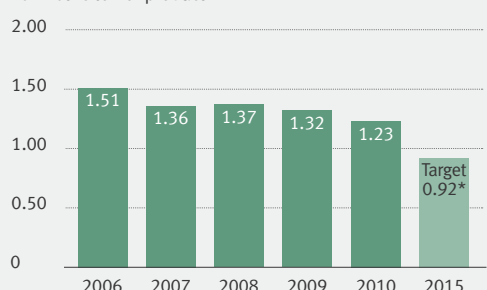
Per metric ton of product in kWh



\*) 25 percent reduction in specific energy consumption by 2015

### Water usage

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



\*) 25 percent reduction in specific water consumption by 2015

### Waste

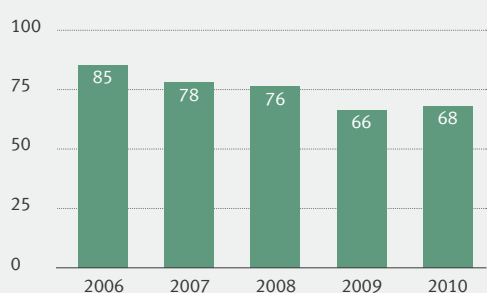
Per metric ton of product in kg



\*) 10 percent reduction in specific waste generation by 2015

### VOC emissions

In metric tons



### Energy consumption

During the reporting year, total energy consumption amounted to 850 gigawatt hours (GWh), which was 6.5 percent greater than the 798 GWh for the previous year. At 54 percent, the proportion of electrical energy was unchanged from the previous year. The consumption of natural gas, which is mainly used for heating and production processes, increased by seven percent in 2010. The proportion of natural gas used for energy consumption was unchanged from the 32 percent of the previous year. 14 percent of energy needs were covered by district heating, 21 percent of which came from renewable biomass. At 650 kilowatt hours (kWh) per metric ton (t) of product, the specific energy consumption was improved by 3.4 percent compared to 2009. This was significantly below the target value of 684 kW/t of product for 2010.

### Water usage

Absolute water demand in 2010 rose by three percent to 1.61 million cubic meters (m<sup>3</sup>) because of increased production. 67 percent of the fresh water (previous year: 66 percent) was supplied to the factories from the public network, and 33 percent was from the BSH drinking water supply (prior year: 34 percent). The waste water from production processes – 35 percent of the total wastewater from factories – is subjected to physical and chemical pretreatment. 28 percent of the total waste water was discharged into surface waters after being purified; the larger share of 72 percent was supplied to municipal water treatment plants. The specific water consumption per metric ton of product decreased from the previous year by 6.6 percent to 1.23 m<sup>3</sup> per metric ton of product. This was below the target value for 2010 of 1.30 m<sup>3</sup> per metric ton of product.

### Waste

The amount of waste produced by the Group rose by six percent to 105,000 metric tons; however, the specific key figure decreased by 3.6 percent to 80 kg of waste per metric ton of product. The separate collection of paper and cardboard, plastic and foil, glass, wood and metal waste is standard in all of the factories. As a result, 92 percent of all waste was able to be recycled. The proportion of hazardous waste in 2010 was two percent of the total waste generated. The specific figure declined last year to 80.3 kg of waste per metric ton of product. The target value of 79 kg per metric ton of product was slightly exceeded in 2010.

### Emissions

The release of volatile organic compounds (VOCs) is low because of the overwhelming use of powder coatings, water-based coatings and pre-coated sheet metal. In 2010, VOC emissions rose for the first time, due to increased production, by two metric tons (three percent) to 68 metric tons. Sulfur dioxide emissions result from the sulfur content of fossil fuels and are not identified separately given the predominance of low-sulfur natural gas and heating oil. Nitrogen oxide emissions are influenced by heating and were very low in 2010 at a measured 42 metric tons as a result of optimized combustion plants. The production-related emissions of CO<sub>2</sub> at the locations is shown on Page 28 (Scope 1).

## Transport volume and distribution logistics

After the economic crisis, the world economy picked up again in 2010. Strong customer demand even resulted in shortages in some regions in the transportation market. Thanks to the infrastructure projects that were implemented in recent years, BSH, however, could respond flexibly and, at the same time, make the transportation of goods to customers as environmentally-friendly as possible. In 2010, the focus of all the strategic transport concepts was to optimally link the various modes of transport and relocate as many shipments as possible from roads to railways or ships. As a result, the goal set for 2010 has been achieved: BSH was able to reduce the percentage transported by truck to under 50 percent of the total transport volume. Together with its strategic partners, BSH is compensating for the sharp decline in Europe of single wagon traffic by railway companies through the expansion of several container terminals with their own rail links. Block train traffic between Germany and locations in Poland, Turkey, France and Russia will be continually expanded. As a result, the share of the transport volume conducted by rail increased by two percent to 36 percent in 2010, and is now more than 50 percent above the EU average. It is only by expanding the BSH container terminals at Gien-gen in Baden-Württemberg and the block train traffic between Germany and Poland that CO<sub>2</sub> emissions could be reduced by nearly 3,000 metric tons annually.

## Transport fleet

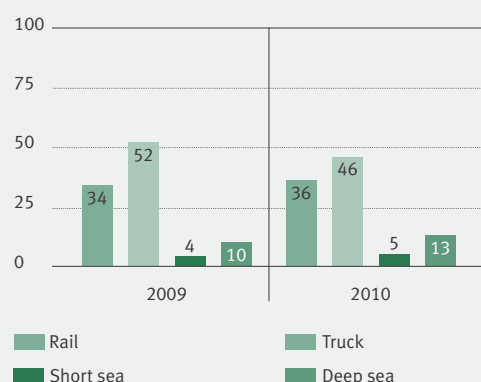
In order to reduce truck transport noise and pollutant emissions in Germany, the “Euro Norm II or better” standard for emissions has been applied at BSH since 2001. In 2009 for the first time, all trucks used by BSH agents exceeded the requirements for Euro Norm II. In 2010, the proportion of vehicles with Euro Norm IV or V increased to 88 percent (previous year: 79 percent), thereby surpassing the average in Germany, which was 66 percent. Since 2009, the logistics department at BSH has been coordinating not only the transport of products but also the supply of factories with production materials. Incoming and outgoing shipments can thus be linked optimally with each other. Because the production materials are transported by a particularly environmentally-friendly fleet of BSH agents, CO<sub>2</sub> emissions could also be reduced.

## Transport packaging

To align packaging and equipment to the different requirements, particularly for long-distance transport, transport conditions such as vibration or load processes are recorded under real-world conditions and simulated in the laboratory. The lessons learned are incorporated into the packaging concept. Moreover, the dimensions of the packaged appliances have a significant impact on the utilization of cargo space and can thus help to avoid traffic. Since, in addition to simulated transport conditions, each packaging concept is also oriented to the packaging unit dimensions optimized for transport, we obtain the highest possible transport security with the minimum amount of packaging material. The proportions of the materials used for transport and sales packaging remained essentially unchanged.

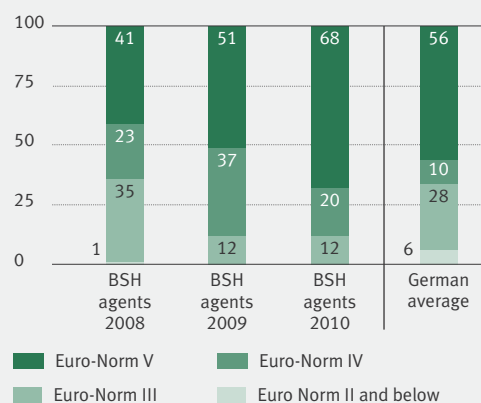
## Export transport volume

As a percentage of the total transport volume



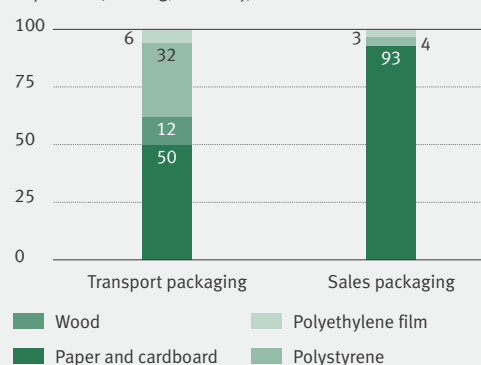
## Vehicles meeting Euronorm II through V

In percent of trucks in operation



## Packaging material shares 2010

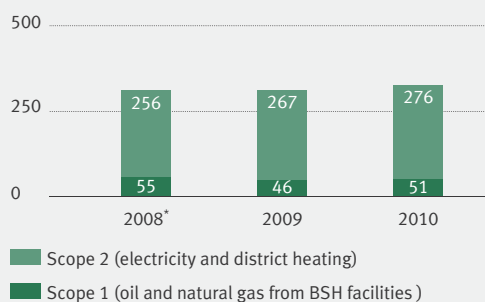
In percent (basis kg, Germany)





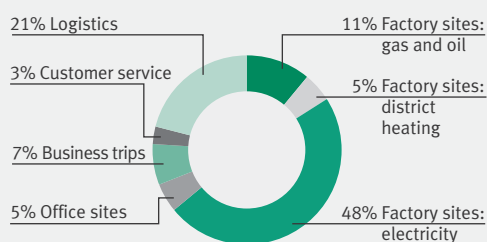
## CO<sub>2</sub> emissions

In thousands of metric tons



\*) Data for 2008 corrected because of a calculation error

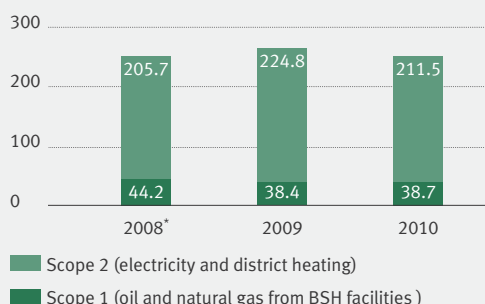
## Carbon footprint 2010



The CO<sub>2</sub> emissions from power generation do not include the losses during energy distribution. Not included on the balance sheet are CO<sub>2</sub> emission from the production of buildings and facilities, their materials and supplier parts, as well as their transport. Waste disposal as well as the taking back and disposal of old appliances are also not included.

## Specific CO<sub>2</sub> emissions

In kg per metric ton of product



\*) Data for 2008 corrected because of a calculation error

## Carbon footprint

Since 2006, BSH has been determining the so-called carbon footprint for the operating activities of the Group according to the criteria set by the Greenhouse Gas Protocol of the World Business Council for Sustainable Development/World Resources Institute (WBCSD/WRI). The carbon footprint includes all the CO<sub>2</sub> emissions by a company: direct emissions from oil and natural gas consumption (Scope 1) as well as indirect emissions from electricity and district heat consumption for production and office sites (Scope 2). The site-specific CO<sub>2</sub>-emission levels for the consumption of electricity and district heat are obtained from the power company. Emissions from the “Corporate Value Chain Standard” (Scope 3), published in 2011 for the first time, are not yet included. Exceptions are the indirect emissions from activities that are within the immediate influence range of BSH, such as business travel, customer service activities and the transport of goods to customers.

In 2010, the BSH carbon footprint amounted to 475,000 metric tons of CO<sub>2</sub>. About eleven percent of the carbon footprint was due to direct emissions from oil and natural gas consumption by BSH factories. 58 percent was due to indirect emissions arising from electricity consumption at production and office locations, as well as from district heating. Approximately ten percent was the result of travel activities and customer service trips. The distribution of goods through the logistics department has a calculated share of 21 percent.

## Transport-related CO<sub>2</sub> emissions

The CO<sub>2</sub> data that results from travel activities include air travel, business travel by car and rail as well as trips with sales and customer service vehicles. 28 percent of CO<sub>2</sub> emissions result from air travel, 71 percent from passenger car service trips and trips by customer service technicians, and one percent from rail travel. Passenger car business trips by customer service and sales representatives, as well as other service trips, are primarily made using rented and leased vehicles. Finished appliance transport through logistics refers to the distance between production sites and BSH customers. The data for this Scope 3 type of accounting were extrapolated from verified regional records (Germany and Europe). For the worldwide transport of goods by truck, rail, barge and ship to customers, CO<sub>2</sub> emissions amounted to a total of 102,000 metric tons. This figure is derived from an extrapolation of averaged distances of carriers.

## Specific carbon footprint

This specific BSH key figure – that is, the amount of production-related CO<sub>2</sub> emissions (Scope 1 and Scope 2) – is 250 kg CO<sub>2</sub> per metric ton of product (previous year: 263 kg). Due to the activities of BSH, an average of approximately 15 kg of CO<sub>2</sub> emissions can be attributed to a household appliance weighing 60 kg. Based on the direct CO<sub>2</sub> emissions from natural gas and heating oil consumption at the production and development locations (only Scope 1), the specific value is 38.7 kg of CO<sub>2</sub> per metric ton of product, and thus at a similar level as last year.

## Output flows

<sup>4</sup> Excl. electricity generation, district heating and transport operations

sented via figures. The continuous and structured collection of environmentally relevant data is an essential requirement for indicating improvement potentials. From the total amounts, specific key figures are formed that are used to calculate consumption and emissions in regards to all the produced appliance tonnage. This allows an evaluation of the environmental performance, regardless of fluctuations in the production volume. In its data collection, BSH is in accordance with international standard ISO 14031 on environmental performance evaluation.

### Incidence of accidents, BSH international

Accidents resulting in at least one day's incapacity

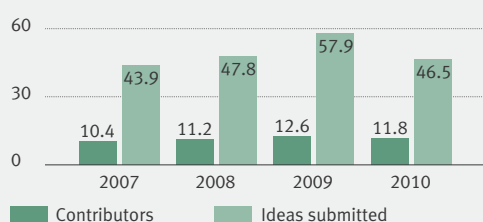


### Occupational health and safety

Since 2000, BSH has recorded accidents according to uniform, centrally prescribed criteria: Accidents were reported that occurred while working in the factories and that led to at least one day of work lost because of the accident. The rate of accidents per million hours worked – as a key figure for the frequency of accidents – fell compared to the previous year. The average downtime per accident as a measure of the severity of the accident was also reduced. Of increasing importance for accident prevention was the recording and evaluation of near-accidents and hazardous situations. Since 2007, accidents that occurred to employees who were employed by foreign firms have been recorded separately as part of the BSH occupational safety statistics so that occupational safety and accident prevention could also be taken into greater consideration by our service providers. The key figures that were determined were used for the establishment of target values and therefore the control of measures within the framework of the occupational health and safety management systems that are set up in factories in accordance with OHSAS 18001. During the reporting year, there were no fatal work-related accidents.

### Company suggestions initiative

Contributors and ideas submitted in thousands



### Company suggestions initiative

The company suggestions initiative at BSH (Top Idea) was established in 2010 in 15 countries. 11,793 employees submitted 46,517 Top Ideas. This means that 33 percent of all 36,048 employees who have access to the company suggestions initiative participated actively in Top Idea with an average of 1.29 ideas. 53 percent of all the ideas have been successfully implemented. Since 2004, the rate of implementable suggestions for improvement has been more than 50 percent. An annual net benefit of over 200 million euros has accrued to BSH from all the ideas of the past decade.

### Expenditures for education and qualification

In millions of euros

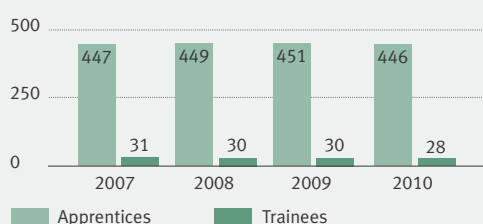


### Education and qualification

Capable and motivated employees, as well as excellent managers, are a fundamental basis for ensuring business success. Comprehensive education and qualification measures make it possible for BSH to find the most suitable employees for the company, to retain them, and to support and develop them. One focus in 2010 was the expansion of demand-oriented qualification programs. Investments in education and qualification in 2010 throughout Germany were a total 18.2 million euros (previous year: 17.4 million euros).

### Apprentices and trainees\*)

Numbers



\*) Only in Germany

### Tailored careers for new recruits

As a part of our entry programs, we offer dedicated school graduates and university graduates a Tailored Careers for New Recruits program ("Einstieg nach Mass") with many opportunities for a career start. A key component of the program is dual professional training in various occupations, such as in mechatronics, electronics, industrial sales and IT. In addition to Germany, BSH is also implementing this professional training concept in China and Turkey. In 2010, 770 apprentices learned a profession at BSH (previous year: 735). BSH makes it possible for committed high school graduates to study at a "DH" (cooperative state university). Several specific trainee programs, which prepare high school graduates in a targeted manner for later technical, managerial and project tasks, complete the portfolio of entry programs.



### The BSH Academy

During the last ten years, more than 90,000 participants attended training courses at the BSH Academy Corporate. Overall, 5,440 presence training and 50,000 web-based training courses were held during this time period. The qualification program at the BSH Academy is available worldwide for employees through a learning platform in German and English, which are the official languages for the Group. To continuously improve leadership quality, an international leadership qualification program for managers that was started in 2009 was implemented worldwide in 2010. This program is based on leadership principles and the BSH competence model, and is designed to have a practical orientation. In 2010, 11,209 participants worldwide completed online compliance training. Training in compliance is available in eleven languages.

### Employee structure and employment

Worldwide, the average age of our employees fell in 2010 to 38.1 years (previous year: 38.6 years). The average length of service decreased marginally to 10.5 years. It is especially high in Germany at nearly 17 years, followed by Austria at 14 years. In 2010, approximately 3,200 employees were recruited. The number of apprentices and trainees worldwide in 2010 was 798 (previous year: 765).

### Internationalization

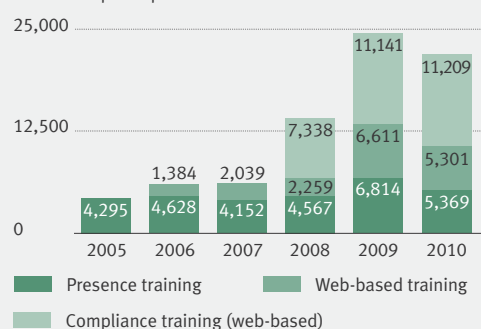
The increase in international deployment supports unchanged the internationalization of BSH. As of December 31, 2010, 199 German expatriates (previous year: 194) were working abroad in 32 different countries, as well as 86 inbounds at German BSH sites (previous year: 71). In addition, there were, just as in the previous year, 25 cross-country transfers, i.e., assignments between foreign sites. A total of 17 countries deployed staff. International, Group-wide junior talent pools are used to identify and to promote suitable persons with high potential worldwide in a targeted manner. The International Executive Pool (IEP), for example, consists of 97 junior managers from a total of 18 countries.

### Career and family

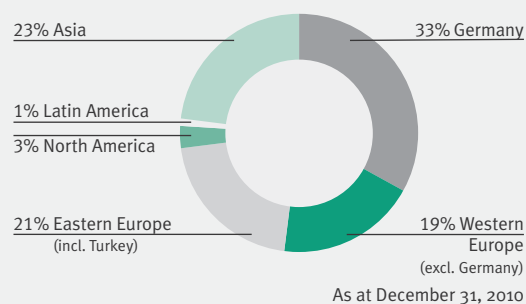
Flexible work schedules have been implemented in 19 of the 21 largest BSH companies and thus introduced for 99 percent of its employees. These schedules offer good conditions for balancing career and family – an issue that is important not just for women but is also becoming increasingly important for men. In the 21 largest BSH companies, part-time work is possible for approximately 73 percent of BSH employees: approximately 61 percent of BSH employees in eight countries can use teleworking. In Germany, the part-time proportion is 9.9 percent; worldwide, it is approximately five percent. Approximately 99 percent of BSH employees in the 21 largest companies have the option to take parental leave or are entitled to similar arrangements.

### BSH Academy

Number of participants



### Employees by region



## Overview of employee benefits 2010

	Percentage of employees <sup>*)</sup>	
	2009	2010
<b>Flexible Working Models:</b>		
Flextime	96.6	98.1
Teleworking/home office	65.5	61.4
Part-time working	77.5	72.9
Parental leave	95.8	99.2
Sabbatical	13.6	13.3
Trust-based flextime	31.9	31.5
<b>Social Welfare Provision</b>		
Basic state provision	97.2	98.4
Company retirement benefits	70.3	73.7
Additional voluntary health insurance	68.7	70.7
Other voluntary benefits	93.6	96.0
Healthcare programs	96.4	93.6
Company physician	94.0	89.1

<sup>\*)</sup> Degree of coverage: The figures relate to the 21 largest BSH companies, which means 99 percent of the total number of employees

## Equal opportunities

Of the approximately 42,800 employees at BSH, approximately 29 percent are women. Providing them with the same opportunities as men is a principle at BSH and is exercised in practice. The proportion of women in middle and upper management currently averages in total 13 percent at the German locations. Candidates for new hires may not be discriminated against because of gender, age, religion or origin. Across the Group, BSH has made this mandatory with its signing of the Global Compact of the United Nations 2004. At BSH locations in Germany, the employment rate for severely handicapped persons was at 5.7 percent.

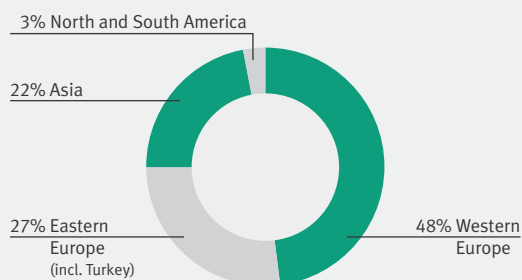
## Social welfare provision

In countries where BSH operates, the current market revenues and the legal framework are used as a basis for determining the wages and salaries that are paid to employees. Voluntary social services are not standard throughout the Group, but depend on regional needs and conditions. For this reason, BSH in Germany, for example, has a company pension scheme, which is the so-called pension fund. At the present time, a total of 43 million euros from company pensions is being paid to former BSH employees. In addition, BSH offers attractive opportunities for employee-funded company pension funds, loans to employees, long-service anniversary payments and special leave.

## Donations and sponsorings

The BSH disaster relief fund “BSH Katastrophenhilfe e.V.” was established in 1999 and is active worldwide. Since that time, BSH employees and the company have donated a total of approximately 1.3 million euros for people in disaster areas. Last year, support was focused on helping the earthquake victims in Haiti and the victims of the flood disasters in Pakistan, as well as our long-term tsunami relief project, the “Sahana Nivasa” home for children in Sri Lanka. BSH locations and subsidiaries are also involved in numerous local projects, including donating products for social purposes. BSH itself primarily supports measures that make young people sensitive about the importance of climate protection and resource efficiency. In 2010, for example, this included supporting a teaching project on sustainability. Overall, BSH in Germany has distributed approximately 250,000 euros in monetary donations and supplies during the reporting period.

## Purchase of production material by region



## Supply chain

Worldwide, BSH purchases more than four billion euros of manufacturing materials annually. The basic principle of “buying locally” applies at every location; even in China, Eastern Europe and America, we obtain the overwhelming proportion of our materials from local suppliers. Since 2007, the Code of Conduct for BSH suppliers has been a part of supplier contracts and requires all suppliers to act in accordance with the principles of BSH. It is based on the Global Compact of the United Nations and the conventions of the International Labour Organization (ILO). Our preferred suppliers for production materials (A and B suppliers), who represent more than 95 percent of our total procurement volume, have signed a corresponding statement of commitment.

Objectives for 2010 <sup>*)</sup>	Achievement of objectives 2010	Objectives 2011
<b>Sustainability management</b>		
■ Materiality analysis (analysis of the issues that are fundamental to sustainability management)	■ Implemented	■ Implementation of a company-specific sustainability strategy
<b>Environmental management</b>		
■ Implementation of key audits at five locations	■ Achieved, six locations	■ Implementation of key audits at five locations
■ ISO 14001 certification of St. Petersburg location	■ Delayed until September 2011	■ ISO 14001 certification of St. Petersburg location
■ Further improve data quality of CO <sub>2</sub> contribution from goods transport, customer service and office locations	■ Achieved for goods transport and customer service; delayed until 2011 for office locations	■ Improvement of data quality for office locations and in-house storage facilities
<b>Location-related environmental protection</b>		
■ Reduction of specific energy and resource consumption in accordance with BSH objectives (2005 – 2010): – Energy target value: 684 kWh/t (-3% per year) – Water target value: 1.3 m <sup>3</sup> /t (-5% per year) – Waste target value: 79 kg/t (-2% per year)	■ Development of specific energy and resource consumption: – Energy: -3% (650 kWh/t) – Water: -7% (1.23 m <sup>3</sup> /t) – Waste: -4% (80 kg/t)	■ Continuation Target values 2011: – Energy: 618 kWh/t (-5%) – Water: 1.17 m <sup>3</sup> /t (-5%) – Waste: 78 kg/t (-2%)
■ Implement location-specific environmental objectives and programs in air pollution control and climate protection, soil and water conservation, waste management and communications	■ In each case, 63% of the factories exceeded the targets (percentage reduction) for energy, water and waste	■ Continuation
<b>Product-related environmental protection</b>		
■ Continue to support EU product studies on “Eco-design”	■ Achieved (in particular for vacuum cleaners, coffee machines and cookers)	■ Cooperation in the development of standards for the recycling of old appliances
■ Further improve consumption values for household appliances	■ Achieved (see p. 25)	■ Continuation
■ Develop BSH-wide system for hazardous material declaration	■ Standard form for hazardous material declarations and documentation system developed and introduced	■ Continuing development of an in-house tool for Life Cycle Analysis (LCA) of household appliances
<b>Employees</b>		
■ Introduction of the ERA (“Entgeltrahmenabkommen” - framework for reforming remuneration) at Berlin site; implementation of a variable compensation system (Global Performance Bonus)	■ Both objectives achieved; ERA introduced at Berlin location and a variable remuneration system (Global Performance Bonus) implemented	■ No new objective for 2011
■ Focus on leadership development (new qualification program, tools such as “Feedback for Management”)	■ Objectives attained and successfully implemented	■ No new objective for 2011
■ New version of Learning Management System	■ Version change for Learning Management System has taken place; extension of function range as planned still in process	■ Completion of extension of function range for the Learning Management System
■ Develop further measures for the requirements of demographic change	■ “ERGO-Check” rolled out worldwide with BSH production system, “ERGO-Line” in Traunreut in operation; health management measures being implemented	■ Develop further measures for the requirements of demographic change; points of focus: knowledge management, ergonomics, health maintenance
■ Implementation of employee survey in 22 other countries; to be accompanied by measures from the 2009 employee survey	■ All 22 countries have participated in the employee survey; accompaniment of measures by monitoring tool established	■ Implementation of employee survey in 20 countries (28,000 employees); international documentation of measures ■ Demand-driven recruiting and development (international talent management/qualification) of skilled employees and managers ■ Sustainable positioning of BSH as an attractive employer ■ Strategic development of diversity management

<sup>\*)</sup> as published in the 2009 sustainability report





### Sites certified under ISO 14001

China	<ul style="list-style-type: none"> <li>■ Wuxi</li> <li>■ Chuzhou</li> <li>■ Nanjing</li> </ul>
Germany	<ul style="list-style-type: none"> <li>■ Bad Neustadt</li> <li>■ Berlin</li> <li>■ Bretten</li> <li>■ Dillingen</li> <li>■ Giengen</li> <li>■ Nauen</li> <li>■ Traunreut</li> </ul>
France	<ul style="list-style-type: none"> <li>■ Lipsheim</li> </ul>
Greece	<ul style="list-style-type: none"> <li>■ Athens</li> </ul>
Poland	<ul style="list-style-type: none"> <li>■ Łódź (2)</li> </ul>

Slovakia	<ul style="list-style-type: none"> <li>■ Michalovce</li> </ul>
Slovenia	<ul style="list-style-type: none"> <li>■ Nazarje</li> </ul>
Spain	<ul style="list-style-type: none"> <li>■ Esquíroz</li> <li>■ Estella</li> <li>■ La Cartuja</li> <li>■ Montañana</li> <li>■ Santander</li> <li>■ Vitoria</li> </ul>
Thailand	<ul style="list-style-type: none"> <li>■ Kabinburi</li> </ul>
Turkey	<ul style="list-style-type: none"> <li>■ Çerkezköy</li> </ul>
USA	<ul style="list-style-type: none"> <li>■ New Bern</li> </ul>

● Group Headquarters

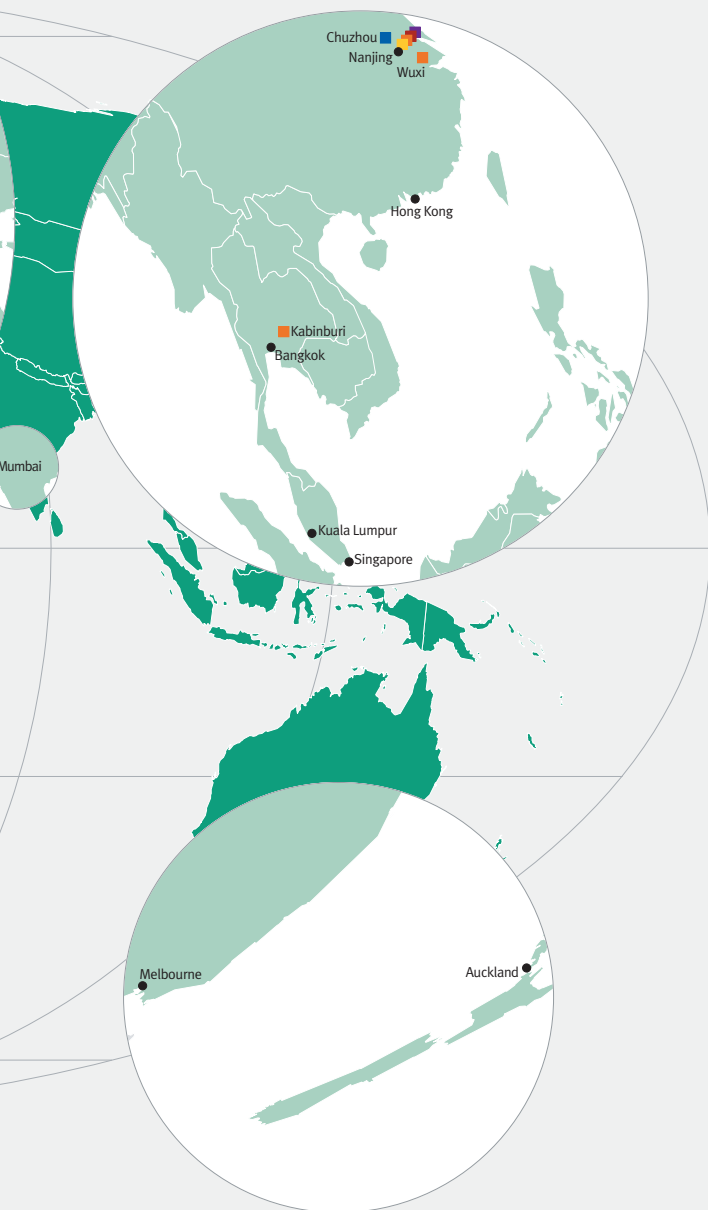
● Subsidiaries

#### Factories

■ Cooking	■ Washing/Drying
■ Refrigeration/Freezing	■ Consumer Products
■ Dishwashing	■ Motors, Pumps

Wide-coverage sales and customer service network

As at May 2011



## BSH Group

BSH Bosch und Siemens Hausgeräte GmbH  
Headquarters Technology Environmental Protection  
and Occupational Health and Safety

Dr. Herbert Mrotzek  
Carl-Wery-Straße 34  
D-81739 Munich  
Telephone: +49 89 45 90-21 95  
Fax: +49 89 45 90-21 48  
E-mail: herbert.mrotzek@bshg.com

BSH Bosch und Siemens Hausgeräte GmbH  
Corporate Communications  
Stephanie Reuter  
Carl-Wery-Straße 34  
D-81739 Munich  
Telephone: +49 89 45 90-22 31  
Fax: +49 89 45 90-21 28  
E-mail: stephanie.reuter@bshg.com

## Environmental management officers for the regions

### BSH in Spain

BSH Electrodomésticos España, S.A.  
José Angel Ruperez  
Telephone: +34 9 76 57-81 13  
E-mail: jose-angel.ruperez@bshg.com

### BSH in Turkey

BSH Ev Aletleri Sanayi ve Ticaret A.S.  
Jan Bellenberg  
Telephone: +90 282 736 66 28  
E-mail: jan.bellenberg@bshg.com

### BSH in China

BSH Home Appliances Co., Ltd.  
Baocheng Sang  
Telephone: +86 025 85 43 99 88-71 00  
E-mail: baocheng.sang@bshg.com

### BSH in the USA

BSH Home Appliances Corporation  
Ricky Tucker  
Telephone: +1 25 26 36-43 24  
E-mail: ricky.tucker@bshg.com

© BSH Bosch und Siemens Hausgeräte GmbH, 2011

This report is printed on Galaxy Keramik.

This paper is certified by FSC (Forest Stewardship Council).



ClimatePartner   
This report was printed climate-neutrally.



**BSH Bosch und Siemens Hausgeräte GmbH**

Carl-Wery-Straße 34  
D-81739 Munich

Telephone: +49 89 45 90-01  
Telefax +49 89 45 90-23 47

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

**For general information and ordering the following reports:**

- Konzern-Geschäftsbericht 2010
- Group Annual Report 2010
- Verantwortung für Umwelt und Gesellschaft 2010
- Environmental and Corporate Responsibility 2010

**Corporate Communications**

Telephone: +49 89 45 90-28 09  
Fax: +49 89 45 90-21 28  
E-mail: [corporate.communications@bshg.com](mailto:corporate.communications@bshg.com)