

# A matter of generations

SUSTAINABILITY REPORT 2013



## Reporting framework

The goal of this sixth Sustainability Report of the Miele corporate group is to inform its stakeholders about the company's contribution to sustainability. The content and structure of this report are oriented according to the sustainability strategy agreed upon in the fiscal year 2011/12. This strategy was developed based on a materiality analysis taking into account relevant stakeholders. The report structure is oriented according to the fields of activity identified as essential, namely "products and supply chain," "operational environmental protection," "employees," and "society." In contrast to the previous report, the topic of operational environmental protection is now treated in a separate chapter.

In addition to this print version, there is a more detailed version of the report available on the website [www.miele-sustainability.com](http://www.miele-sustainability.com), and the "Facts & Figures" are available separately. The online version contains additional information about basic topics in which there have been no changes in the reporting period and such topics that were deemed less essential in the materiality analysis.

In addition to the graphic display of relevant key figures, the "Facts & Figures" also contains an overview of the goals and the performance evaluation, as well as the progress report about the principles of the UN Global Compact and a short version of the GRI index.

Detailed responses for the GRI indicators can also be viewed in the online report. If for a topic treated in this print report there is additional information online or in the "Facts & Figures," this is indicated by symbols in the margins.

Unless otherwise indicated, the information contained in this report refers to Miele & Cie. KG and its affiliate imperial Werke oHG. This includes all German production and administration locations, as well as the German subsidiary. Also included are the international production locations, that is, Bürmoos in Austria, Uničov in the Czech Republic, Dongguan in China, and starting in fiscal 2009/2010, also Braşov in Romania. The international sales subsidiaries are mentioned as examples.

The reporting period comprises the fiscal years 2010/2011 and 2011/2012. The fiscal year-end is June 30 of each year.

The Sustainability Report complies with the G3 guidelines of the Global Reporting Initiative (GRI). Miele provides information on all GRI standard data and therefore fulfils the criteria for GRI Application Level A. This was also reviewed and confirmed this year by GRI for the first time. This report appeared in German and English and replaces the 2011 Sustainability Report. The editorial deadline was December 18, 2012. The two-year reporting cycle should also be adhered to in the future. Gender-specific terms have been avoided for the sake of greater readability.



► GRI Index

► UN Global Compact  
Progress report



► Glossary

### Explanation of the references:



For more detailed information, see the online report at [www.miele-sustainability.com](http://www.miele-sustainability.com)



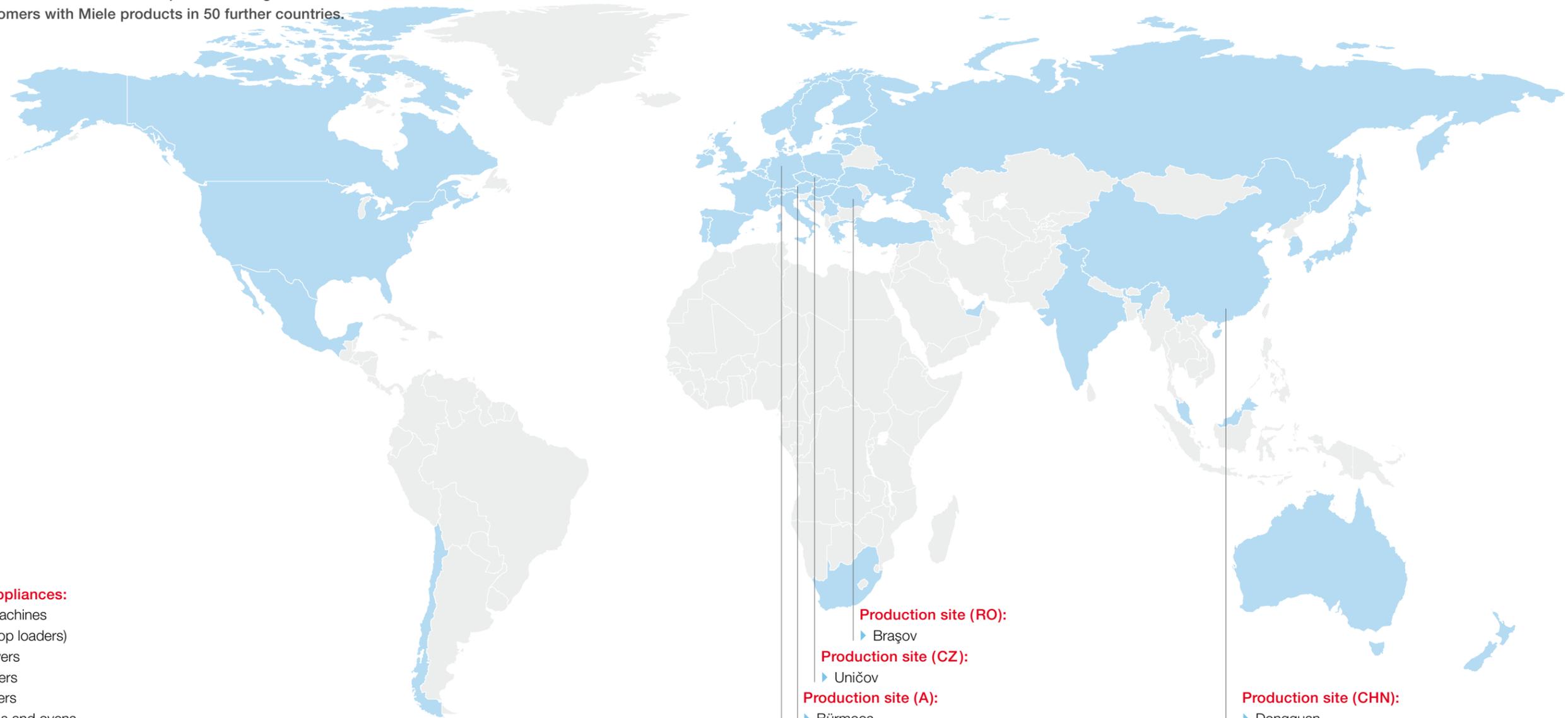
Reference to external Internet pages



Reference to "Facts & Figures"

## Miele worldwide

Miele is represented with its own sales subsidiaries in almost 47 countries around the world and operates through distributors who supply customers with Miele products in 50 further countries.



### Domestic appliances:

- ▶ Washing machines (front and top loaders)
- ▶ Washer-dryers
- ▶ Tumble dryers
- ▶ Rotary ironers
- ▶ Built-in hobs and ovens
- ▶ Ceramic hobs
- ▶ Cooker hoods
- ▶ Steam cookers
- ▶ Built-in and countertop coffee machines\*
- ▶ Microwave ovens\*
- ▶ Warming drawers
- ▶ Dishwashers
- ▶ Fridges and freezers\*
- ▶ Wine storage and conditioning units\*
- ▶ Vacuum cleaners

### Commercial equipment:

- ▶ Washing machines
- ▶ Tumble dryers
- ▶ Rotary ironers
- ▶ Washers, disinfectors and sterilisers
- ▶ Laboratory washers
- ▶ Commercial dishwashers
- ▶ Container cleaners

### Production site (RO):

- ▶ Braşov

### Production site (CZ):

- ▶ Uničov

### Production site (A):

- ▶ Bürmoos

### Production site (CHN):

- ▶ Dongguan

### Production sites (D):

- ▶ Gütersloh
- ▶ Bielefeld
- ▶ Arnsberg
- ▶ Bünde
- ▶ Euskirchen
- ▶ Lehrte
- ▶ Oelde
- ▶ Warendorf

**Subsidiary**

\* These products are not manufactured by Miele; they are manufactured according to Miele specifications for the company.

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## Dear Reader,

When Carl Miele and Reinhard Zinkann founded Miele in 1899, their commitment to certain basic and sustainable values was clear from the outset.

Their products were geared towards durability and reliability, something which was expressed in their quality motto "Forever better". Early on, they started a company health insurance fund to ensure their employees would receive adequate medical care. These investments were paid for entirely by Miele and Zinkann. Their rule of thumb – not to overspend the company's earnings – still stands. Another long-standing principle at Miele is to plan in terms of decades, rather than for the next quarterly report. Hence we chose to give this sustainability report the title "A matter of generations".

# "Continuity as regards values and objectives"

This continuity as regards values and objectives benefits all stakeholders: the customers, who time and again award the Miele brand top ratings when it comes to esteem and trust; the generations of employees, who continue to enjoy secure and well-remunerated positions; the suppliers, who find a fair, long-term partner in Miele; and the people of the region, who consider Miele a good neighbour. It also benefits the environment and nature, because the optimal energy efficiency of our products is as much a matter of course as the careful use of resources in development and production. In many countries, Miele is now one of the most respected brands. According to a representative survey, in Germany, Miele is seen as the most sustainable company in the industry by far.

Developing this position further, both in Germany and abroad, is one of our stated objectives – not least because a sustainable, value-oriented modus operandi and a close dialogue with our stakeholders are essential in order to ensure long-term financial success, the survival of the production locations and job security with Miele. In this sustainability report, which is the sixth of its kind since 2002, we describe what this means to us and how far we have come on this road.

Our new sustainability strategy, which was rolled out in the previous two financial years, has been very successful. The purpose of the strategy was to define more specific objectives and suitable measures to achieve them. Our main spheres of activity of products, supply chain, processes, employees and society, are also reflected in the internal structure of this report. For each sphere of activity, we have identified the areas where we see the greatest potential for contributing to a sustainable development. For instance, the important issue of "energy and resource efficient products" is closely related to environmental challenges such as the scarcity of resources, the transformation of Germany's energy system and climate change.

In this sustainability report, Miele presents its first complete carbon footprint based on the international standard of the Greenhouse Gas (GHG) Protocol. It is only one of the steps we are taking to provide more transparency for our stakeholders and to improve our ability to verify and control crucial influencing variables. We have set ourselves ambitious targets in this area: for example, we want to reduce the company's CO<sub>2</sub> emissions of 560 kg per metric ton of product (as per 2011/2012) by 3 per cent by the end of the financial year 2013/2014.

The targets set in the 2011 sustainability report were largely met. In the financial year of 2011/2012, we achieved the important step of making 54 per cent of all Miele washing machines comply with the highest energy efficiency rating (A+++). We also managed to considerably boost the energy efficiency of our production locations. At the main plant in Gütersloh, a new highly efficient cooling unit was installed and connected to the central integrated heating system.

Dr. Eduard Sailer  
Managing Director Technology

Dr. Markus Miele  
Managing Director and  
Co-Proprietor

Olaf Bartsch  
Managing Director Finance/  
Central Administration

Dr. Reinhard Zinkann  
Managing Director and  
Co-Proprietor

Dr. Heiner Olbrich  
Managing Director Marketing/Sales

(from the left)



Through this modification alone, we save 2,000 MWh of electric energy a year.

In addition to its certification according to the social standard SA8000, Miele reaffirmed its commitment to diversity in 2012 by signing the Corporate Charter of Diversity for Germany. Miele strives to groom a corporate culture characterised by tolerance and appreciation in which each single individual is considered an asset.

This stance is further reflected in our commitment to the UN Global Compact and its principles, which we apply at all company locations around the world. This year we are submitting our first declaration of conformity with the German Sustainability Code, in conjunction with our sustainability report.

During our next financial year, 2013/2014, we will implement the revised sustainability strategy and at the same time continue to develop it in all areas – from further improvement of energy and

resource efficiency to employee development. The main challenges to do with our employees are, for example, securing young talents, the expansion of our diversity management, reconciling work and family life and optimising an age-appropriate workplace design in response to demographic change.

Our main ambassadors are and always will be our nearly 17,000 committed and loyal employees who have quasi internalised the principle of sustainability in the DNA of the company and live by it in their daily work. Together with them, we are looking forward to pursuing an ongoing constructive dialogue with our stakeholders, in which this sustainability report is an important element.

We hope that you enjoy reading it.

**The executive board of Miele & Cie. KG**



Moscow Gallery

# 1 The company

A manufacturer of domestic and commercial appliances, a premium brand, a family-owned and family-run company based in Germany with 47 international sales subsidiaries and more than 16,700 employees – these are a few essential facts about Miele, a company which enjoys a great reputation and consumer trust like none other in the industry. It is a responsibility, which Miele readily accepts.

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## Company profile

The Miele Group is the leading global manufacturer of premium products for cooking a meal, doing the laundry and cleaning floors in the home. A further cornerstone of the business is the commercial segment Miele Professional, which offers washers and dishwashers for commercial applications as well as disinfection and sterilisation devices for medical facilities.

In 1899, Carl Miele and Reinhard Zinkann founded their company which started out manufacturing cream separators and butter churns but soon expanded into a broad-based supplier to farmers: 1901 saw the company producing washing machines which were initially made out of wood, bicycles, mopeds and even cars. In order to concentrate its efforts in view of rapidly growing markets and the accompanying demand for production capacities and capital, Miele gradually focused on what remains its core competence today, i.e. producing domestic and equipment for commercial applications (including medical technology). From the outset, Miele's ambition has been to achieve a leading position in terms of quality and technology, combined with a global market presence. Over time, the small East Westphalian workshop became a family-run global player.

Currently, Miele is represented with its own subsidiaries in 47 countries and is generally the market leader of the premium segment in each one of them. In another 50 markets, the brand is represented by importers. Eight of the twelve production plants, as well as the entire product development organisation, are located in Germany (seven of them in North Rhine-Westphalia and one in Lower Saxony). There is also one production site each in Austria (Bürmoos), the Czech Republic (Uničov), Romania (Braşov) and China (Dongguan). The same strict company quality standards and tests apply in all Miele plants.

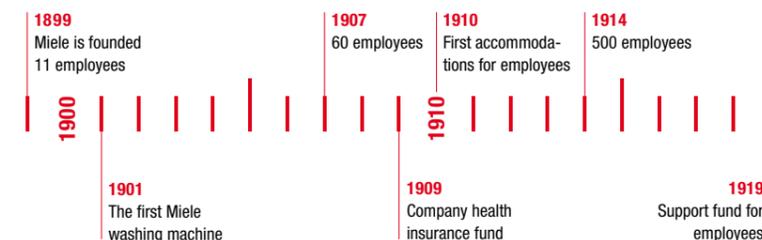
That Miele is renowned for its company philosophy which focuses on quality and sustainability, is constantly confirmed in independent empirical customer surveys. Today, Miele's strategic business segment of domestic appliances offers a complete range of premium products for cooking,

baking and steam-cooking, washing dishes, refrigerating and freezing, and making coffee. Laundry machines and dryers, ironers and vacuum cleaners are available from an equally wide portfolio. The business segment Miele Professional includes laundry technology and dishwashers for nursing facilities or catering businesses, as well as washers, disinfectors and sterilisation equipment for surgeries, clinics and laboratories. Since its foundation, the company has been owned by the two families Miele (51 per cent) and Zinkann (49 per cent). The executive board is composed of five managing directors with equal say. Two of them, Dr Markus Miele and Dr Reinhard Zinkann, are the great-grandchildren of the founders. The three managing directors not related to the families are Olaf Bartsch (Finance and Controlling), Dr Heiner Olbrich (Marketing and Sales) and Dr Eduard Sailer (Technology).



- ▶ Organisational structure
- ▶ Product groups
- ▶ Management structure

### Sustainability milestones\*



\* Indicates foundation/ establishment or first-time occurrence, e.g. certification or signature

The shareholders' committee (family council), which resembles a supervisory board, consists of three representatives from each of the Miele and Zinkann families.

Miele & Cie KG is a limited partnership (Kommanditgesellschaft, or KG) with its head office located at the main plant in Gütersloh.

### Economic significance to the local communities

In total, Miele employs 16,716 persons (reporting date: 30 June 2012), of which 10,327, or nearly 62 per cent, work in Germany. 80 per cent of the employees abroad work in sales and customer

€ 3,04  
billion turnover  
in 2011/2012

service. In Germany and internationally, the number of employees rose during the reporting period.

Particularly at the German production sites, Miele is a major employer (often the largest in the region) and therefore an important taxpayer in the local communities. As in the previous reporting periods, there have been no lay-offs for operational reasons in the last two financial years. In line with the company management's firm commitment to the workforce and to safeguarding jobs at all sites, no relocation of production to other countries has taken place, nor is it being discussed. Significant investments in the plants send clear signals to citizens and decision-makers about Miele's long-term strategy for the company locations.

Miele contributes to training young people above and beyond the company's own recruitment need. The proportion of apprentices of the entire German workforce was 4.8 per cent (reporting date: 1 September) in the financial year 2011/2012. This is another way that the family-owned company helps to secure and boost the sustainability of the local economy.

**Strategic positioning**

Miele thinks and acts sustainably, and preserving the family-run company from outside capital investors is an important basic condition. Investments and growth are therefore solely financed with own resources, and without major bank credits, IPOs or other external capital. Growth is entirely "organic", i.e. not driven by added turnover or market shares from takeovers of competitors.

In many countries it is already a reality; in others, Miele is still working to realise the vision of becoming the most desirable brand in the industry in all relevant markets. In order to do so, Miele maintains its strategic positioning, where the following are the most important aspects:

- uncompromising quality and customer focus in products and service
- focus on the unique brand that is Miele and its consistent positioning in the premium segment
- a global brand identity with a high degree of recognition
- focus on the specialised trade through partnerships.

**Business performance**

In the financial year 2011/2012, which ended on 30 June 2012, Miele crossed the three-billion threshold for the first time with a € 3.04 billion turnover, despite unfavourable economic conditions. This corresponds to a € 91 million or 3.1 per cent growth. In the financial year 2010/2011, the turnover amounted to € 2.95 billion.

In the German market, Miele grew by € 47 million to € 912 million in the financial year 2011/2012. This represents an increase of 5.5 per

cent. The German turnover as a fraction of the total turnover amounted to 30.2 per cent (29.6 per cent in the previous year).

Outside Germany, Miele achieved growth of 2.3 per cent with a € 2.11 billion turnover in the financial year 2011/2012. Encouraging growth in northern Europe compensated for slumps in countries such as Greece, Portugal, Spain and Italy. Moreover, important markets with growth potential such as the US and Russia became much more dynamic in the last financial year. Asian markets like China and Hong Kong also provided strong growth stimuli. In terms of products, 2011/2012 saw above-average growth,

particularly in dryers, oven/all ovens, steamcookers, cooker hoods and refrigeration units, and the commercial success of expensive premium models had a significant positive effect.

Above-average growth markets in the financial year 2010/2011 were, among others, Central and North Europe, the US, Canada, Hong Kong and Singapore. In contrast, South Europe and Ireland had already become affected by the European debt crisis.

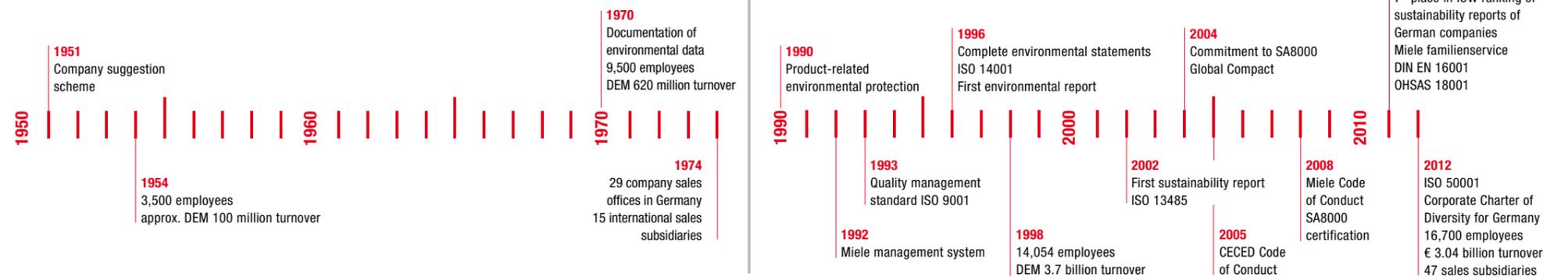
The segment Miele Professional registered a turnover of € 393 million in the financial year 2011/2012, corresponding to a 5.9 per cent increase and 13 per cent of Miele's total turnover. Medical technology provided strategically significant impetus, especially since Miele advanced from a device supplier to a systems provider to surgeries and clinics. In laundry technology,

Miele excelled with the fastest commercial heat-pump dryers on the market.

**Investments**

In the financial year 2011/2012, the Miele Group invested in total € 186 million – 65 per cent more than in the preceding year. This significant increase mainly concerned the conversion and expansion of production facilities. The main plant in Gütersloh will receive the lion's share of the funds; in 2011/2012 up to 2013/2014, € 150 million will be spent here. More flexible manufacturing capacities in the electronics plant, a new demonstration and training centre for product innovations and new offices for 270 employees are all part of this project, as are comprehensive measures for expanding and modernising the production of washing machines.

1929 Occupational pension  
1930  
1931 First foreign subsidiary (Switzerland)



Miele Gallery, Unter den Linden, Berlin



Snapshot of the IFA in Berlin



Experience Centre, VG Großbritannien, Abingdon

In the financial year 2010/2011, € 113 million were invested, mainly in developing and modernising production facilities in the Bielefeld, Gütersloh and Oelde plants, as well as in building a new production plant for large sterilisers in the Austrian Bürmoos plant.

**Outlook and objectives**

Miele expects further growth in sales during the financial year 2012/2013. However, factors that are difficult to calculate, such as the European debt crisis, political instability in the Arab countries and high energy and material costs, continue to put a damper on business. Reliable forecasts are currently hard to make.

In view of the economic uncertainties, a systematic tapping of potential in existing markets takes priority. For instance, in large markets outside Europe, such as China, Russia and the US, but also in established core European markets like France, Italy and the UK.

Miele has high hopes for the new "Generation 6000" in built-in cooking units, first presented to the public at the 2013 "LivingKitchen" trade fair in Cologne, where it became a hot favourite. Similarly essential developments in the areas of washers & dryers and vacuum cleaners have already started or will begin after this report has gone to print.

**Values and tradition**

Consumers around the world trust Miele. They hold this German quality brand in great esteem based on their high expectations which have been met time and again for more than a century. Since its foundation in 1899, the family-owned and family-run company stands for values that are closely related to the issue of sustainability, namely quality, responsibility, cooperation, independence, continuity and long-term viability.

When Carl Miele and Reinhard Zinkann opened their factory for cream separators at the turn of the 20th century despite seemingly overwhelming and already well-established competition, they marked each product with the words "Forever better" (Immer besser). The two words served both as a promise to customers and an incitement to employees. It was a motto for quality which permeates the company to this day and has largely contributed to making the small Westphalian manufacturer the world-class company that it is today.

In practice, "Forever better" means that Miele is always striving to improve its performance and, at the same time, doing everything in its power to be better than the competition in all aspects. Now as then, Miele products should be the best. This applied to the cream separators and butter churns from the initial years as much as it does to the modern steamcookers and heat-pump dryers. Premium quality is the overriding selling point. This means that the consumer should get a product that has been optimised in every conceivable aspect. It is not the best performance of each individual product characteristic that is important, but the reconciliation of all properties to achieve the greatest possible benefit for customers and the smallest possible impact on the environment. Miele appliances receive top energy efficiency ratings while offering first-class washing and cleaning results.

Miele develops and produces powerful, convenient and energy-efficient appliances which set industry benchmarks. The skill of the developers is not advertised in a few brand



Checking the dishwashing results

flagships; instead, the entire range of products offers the same guarantee of Miele quality. (► Read more in the Chapter "Products and supply chain")

From the early product development stage, Miele focuses on sustainability through a careful use of resources. In the initial years, strong, durable oak was used to make the wooden-tub washing machines. Today, washing machines are largely made up of metal, for reasons of quality and to ensure a high degree of recycling.

Product-related values are important to Miele, but they will never overshadow human values, to which the company is explicitly committed. For four generations now, the executive board has practised a responsible style of corporate governance. This applies both to the relationships with employees and business partners, based on mutual respect and recognition, and to the company's socially responsible and active role in society.

Responsibility, durability and viability for the future – for the over 114 years that the company has existed, customers, employees and business partners have always been able to rely on Miele doing its utmost to meet their high expectations as well the exacting standards it has set for itself, once formulated in that clear and concise statement: "Forever better".



**The Miele brand and its awards: multiple confirmations of trust in brand**

**„Most Trusted Brand“:** Just as last year, consumers in the Reader's Digest European Trusted Brands Survey 2012 rated Miele the "Most Trusted Brand" for domestic appliances. Europe's largest consumer survey, conducted by the media corporation Reader's Digest, questioned over 27,000 people, including 8,000 in Germany and others in Austria, Portugal, Belgium and the Netherlands. The respondents also rated Miele among the five most trusted company brands in terms of sustainable and fair production conditions, earning the company the special award "Trusted Brands Sustainability Award" (2011).

**„Best brand“:** In the brand rating by GfK (Gesellschaft für Konsumforschung), the journal Wirtschaftswoche and other partners, Miele ranked third in the category best product brand and sixth among the corporate brands. In 2011, Miele attained an impressive second place in both categories.

**Quality of service:** In 2011, for the 17th time, German customers rated Miele's customer service best in the industry. The data was collected in the benchmarking initiative "Kundenmonitor Deutschland". Miele also ranked first in independent customer surveys in Austria for the "KVA Award" (Austrian customer service award from KVA, B2C category) and in England for the Total Quality and Excellence (TQA) Award from Domestic and General. In its January issue, the renowned British consumer magazine Which? highlighted Miele as the "Most reliable domestic appliance brand". The domestic appliance manufacturer is ranked "best brand overall" in five categories: washing machines, tumble-dryers, dishwashers, fridges and cylinder vacuum cleaners.



► More awards



The new sustainability strategy is launched: Managing Director Dr Eduard Sailer, Managing Director and Co-Proprietor Dr Markus Miele and Christoph Wendker, Head of Environment department for products, (from the right) talking to Ursula Wilms, Public Relations.

## 2 Strategy and Management

At Miele, the principle of sustainability is firmly entrenched in all areas of the company and governs all aspects of value creation. The continued development of the sustainability strategy, the comprehensive Miele Success System and an ongoing stakeholder dialogue, makes the company well placed to face major global challenges. The spheres of activity are clearly defined and the ambition unequivocal: Forever better.

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### The sustainability strategy

At Miele, sustainability has always been a part of the company's self-image, firmly rooted in the corporate values, and guides the way most employees go about their daily business. As a result of the development of Miele's sustainability strategy in the financial year 2011/2012, sustainability has become even more ingrained in the general corporate strategy, along with specific associated measures and targets. Miele is now even better equipped to face major global challenges.

Climate change, scarcity of vital resources such as energy, water and raw materials; demographic change in industrialised nations and the globalisation of markets are challenges that hold both risks and potential. Thanks to the sustainability strategy which was developed and established in the reporting period on the basis of an intensive stakeholder dialogue, Miele is well prepared to face these challenges head on.

The areas where Miele traditionally holds a strong position show much potential; for instance, the development of particularly durable products in order to conserve resources. For decades now, the company has been developing and manufacturing domestic and commercial appliances that consume less energy and water. Ensuring that the production processes themselves are energy-efficient and use as few resources as possible is another priority.

To deal with demographic change, Miele has applied the principle of "universal design" for quite some time already. Miele domestic appliances are characterised by a straight-forward philosophy of use which enables even elderly persons or those with physical disabilities to easily understand their use and handle them comfortably.

Exploiting new markets is a long-standing tradition at Miele. Around the globe, the company has 47 sales subsidiaries. The first one was founded in Switzerland as early as in 1931. To this internationally operating, family-run company, the globalisation of markets promises many opportunities.

The precautionary principle long applied by Miele has become an integral part of the new sustainability strategy. Its purpose is to minimise

any potential impact on or harm to humans and the environment that the production and use of Miele appliances may have by introducing the appropriate measures, e.g. reducing or avoiding greenhouse gas emissions.

Forward-looking products or technologies with particularly sustainable properties, such as Smart Grid or Eco Feedback, offer new opportunities in this area and the promotion of such commercially successful innovations is included in the sustainability strategy.

Thus the sustainability strategy helps boost the success of the company and the strategically controlled competitive edge.

However, Miele is aware of other challenges, such as the ability of the company to adapt to the needs of an ageing workforce. The increasing scarcity of resources requires designers and developers to go further in their search for alternative, more environmentally friendly materials. Continuous innovation is therefore necessary. Increasingly complex value chains entail new risks and require more attention.

As a result of the development of Miele's sustainability strategy, all of these aspects and more are even more firmly entrenched in the corporate strategy and in the core business, contributing largely to making the company viable for the future by ensuring the long-term success of the entire company.

#### Main points of the sustainability strategy

"In the view of customers and all other stakeholders, Miele is the most sustainable company in the industry, across all markets." In Germany, according to a representative study, this is already a reality. However, in many other countries, it is still an ambitious vision. The purpose of Miele's sustainability strategy is to contribute to realising this vision.

A comprehensive approach is essential to achieve this objective. Miele strives to convey the genuine sustainability of the family-owned company, the brand and the products – encompassing all facets.

The success of the sustainability strategy hinges on sustainable actions governed by the

corporate values and based on an intensive stakeholder dialogue. They are indispensable for ensuring the commercial success of the company and the viability of company locations, and for safeguarding jobs in the long term.

In order to successfully implement the sustainability strategy, Miele has identified **five spheres of activity** with the greatest potential for sustainable development, which will receive strategic attention.

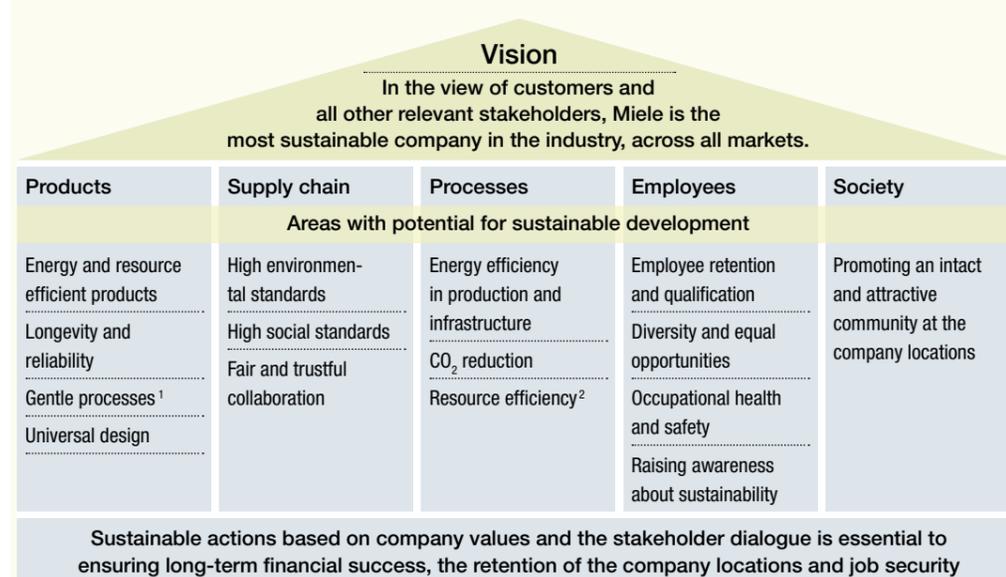
► **Products:** The aim of Miele's product development is to continuously achieve all-round balanced improvement. Miele appliances thus offer many characteristics which significantly contribute to sustainability: low consumption (of energy, water and chemical substances), conservation of resources thanks to a long product life, a high proportion of recyclable materials and secondary raw materials; environmentally friendly procedures and a universal, barrier-free design.

► **Supply chain:** Miele's traditional self-image includes maintaining a cooperative, fair and trustful relationship with all suppliers and business partners. By including the sustainability criteria in the conditions of purchase, Miele sets itself high social and environmental standards.

► **Processes:** Miele endeavours to conserve resources and use energy efficiently in both production and infrastructure. Different measures are taken to reduce CO<sub>2</sub> emissions caused by business activities.

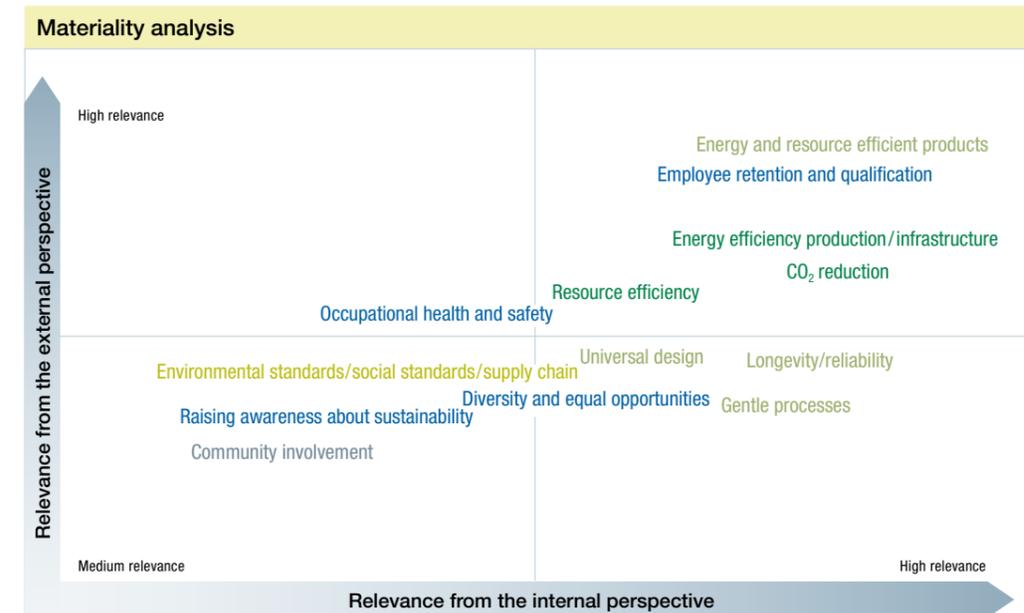
► **Employees:** Employee retention and the promotion of qualified staff and managers are the most important elements of Miele's HR policy. Other areas of focus are workforce diversity and equal opportunities, e.g., with regard to the reconciliation of work and family life. Further important issues: occupational health and safety and raising employees' awareness about sustainability.

### The strategic structure



<sup>1</sup> for washing and drying laundry and dishes, and for cooking food <sup>2</sup> non-energy raw materials

Miele's sustainability strategy rests on five pillars. The foundation of the sustainability strategy is the conviction that the long-term success of the company can only be ensured through sustainable actions guided by the corporate values and an intensive stakeholder dialogue.



Before work on Miele's sustainability strategy was begun, a comprehensive baseline study was carried out to identify relevant sustainability topics and external demands on the company. Both external experts and Miele employees provided input. Each group rated the importance of sustainability topics for the company's success in much the same manner. (► For more details, see "Facts and figures". ► More information about the strategy development process can be found online).



► Stakeholder dialogue  
► Materiality analysis, p. 8



► Strategy development process

► **Society:** To Miele, sustainability is not just about optimising company processes and products. The company also wants to make a meaningful contribution to shaping an intact and attractive community at each of the company locations.

### Implementing the strategy

Miele's sustainability strategy is now taken into account in all corporate decisions. The plants and central departments as well as the sales subsidiaries are responsible for implementing it in everyday business operations. For this to succeed, the established sustainability strategy has to be communicated and implemented in the business processes; a process, which is already under way. It is controlled by the sustainability committee, which is overseen by no less than two representatives of the executive board: Dr Markus Miele (Managing Director and Co-Proprietor) and Dr Eduard Sailer (Managing Director Technology). The sustainability committee replaced the environmental steering committee, which was formed in

1997. The renaming of this body, together with a boost in expertise and dedicated staff, reflect the significance and universal character of the issue.

From now on, the sustainability strategy should be enacted by all employees in their everyday work and the agreed associated measures, strategies and objectives should be realised with assertion. In this way, sustainability will more than ever become a permanent and natural element of all processes and products. It is the major challenge for the financial year 2012/2013. The defined core indicators and the description of the spheres of activity and specific measures which will help to deal with it are presented on the following pages.

## Sustainability management

Twenty years ago, Miele set up a comprehensive management system which focused primarily on quality, but was then expanded to include environmental management and later sustainability management. It forms a solid foundation on which to face the global challenges of our time, which also affect the company directly: climate change, scarcity of resources and demographic change. To deal with these challenges, Miele uses different types of control and measures.

These include a number of principles and guidelines to which the company is committed, such as the UN strategic policy initiative for business, Global Compact, the social standard SA8000, different codes of conduct and Miele's corporate philosophy ( ▶ more information about "Principles and guidelines" can be found online).

The ultimate responsibility for sustainability – as well as all other matters – lies with the five managing directors in the executive board. They choose the strategic course to follow and determine necessary management indicators

and binding objectives. Department managers in the central administration, plant managers, sales region managers and the managers of the subsidiaries ensure compliance with the requirements in all areas of sustainability. Quality, environmental protection and health and safety are all integrated in Miele's sustainability strategy and are treated as areas of the management system in their own right. Regular reviews are carried out to check compliance with requirements and – as of 2013 – with the sustainability strategy.

### Management

The primary body in charge of sustainability management in the company is the sustainability committee – the former environmental steering committee – which was renamed and expanded when the sustainability strategy was redrafted and developed in 2012.

Representatives of the departments Environment department for products, Operational environmental protection, Energy management, Quality management, Central procurement, Design/development, Occupational health



▶ Principles and guidelines



Members of the sustainability committee take the opportunity to exchange experiences at the regular meetings, where operational and product-related topics are discussed, often in terms of environmental protection.

# 6 – 8 times

a year the sustainability

committee meets

and safety, Public relations; of the plant managements and, as required, of the work council headed by Dr Markus Miele, Managing Director and Eduard Sailer, Managing Director Technology, meet approximately six to eight times a year.

Participants in these meetings are responsible for implementing and monitoring the strategy, but the sustainability committee is above all a body for coordinating and making decisions about all essential operational and product-related sustainability issues. It is also an important platform for exchanging information between different departments. Its main advantage is its collective expertise and decision-making competence, which allow for promptly drafting positions, strategies or recommendations.

Environmental protection is often a central issue in these discussions, whether operational or relating to products. This involves, for example, the implementation of bans on certain substances (RoHS, REACH), rules on electrical and electronic waste disposal (WEEE), materials/energy efficiency (Ecodesign and Labelling directives) and energy management. Further matters relate to other areas or are more universal, such as the carbon footprint and environmental or social standards for the supply chain.

The measures determined by the sustainability committee are implemented by the departments in the plants and by inter-departmental project teams. Their work also influences the committee, to which they report on progress and on any further decisions or measures that are required. During the most recent reporting period, for example, one project team was in charge of determining the company's carbon footprint and an inter-departmental team was responsible for developing the sustainability strategy ( ▶ see the Chapter "Sustainability Strategy").

### Miele Success System

Sustainability management at Miele uses integrated and networked systems. Ever since its first certification of the quality management system in 1992, Miele has systematically developed the system into this integrated management system. A few years ago, the Miele Success System was developed. It ties into the integrated management system on many points ( ▶ more information about the Miele Success System is available online).

### Standards

One element of the comprehensive management system is the monitoring and controlling of the content of certified standards. ( ▶ For more details, see "Facts and figures": "Certified Miele locations", p. 7)

All European company locations are certified to ISO 9001, ISO 14001, OHSAS 18001 and SA8000. The relevant departments at the locations in Gütersloh and Bielefeld, as well as in Bürmoos in Austria (since 2010), also meet the requirements of the standard for quality management of medical devices; ISO 13485. The Dongguan plant in China has a quality management system certified to ISO 9001 and (since 2013) an environmental management system certified to ISO 14001.

Compliance and functionality are ensured through regular reviews of the integrated management system by way of internal and external audits ( ▶ more information on auditing can be found online).

### Outlook and objectives

By the end of 2015, all plants will have undergone the same certifications. The plant in Dongguan in China is scheduled to undergo certification to the health and safety standard OHSAS 18001 mid 2014 and an SA8000 audit of the site is planned for December 2015. Furthermore, all plants are to certify their energy management system according to ISO 50001 by the end of 2013.



▶ Integrated management system ▶ Certified Miele locations, p. 7



▶ Miele Success System  
▶ Auditing  
▶ Risk management  
▶ Compliance management  
▶ IT capability for sustainability data

## Careful testing to ensure quality

Miele appliances are as durable and reliable as they come, which is partly the result of Miele's meticulous quality management. Work to ensure quality begins in the product development phase and continues long after the products have undergone functional testing before leaving the plant. We visited Miele Quality Management in Gütersloh:

Christine Schäfer's principal tools are the screwdriver and the microscope. She is a detective, searching for faults. In the Gütersloh plant, she inspects mechatronic components, such as door locks and switches, balance sensors, cable harnesses and many other components from washing machines and dryers.

"The parts I examine may be product samples or inbound goods, or may come from cases of installation failure," she says. Other colleagues inspect components or entire appliances from the regular serial production. Bodo Landwehr and Thorsten Doll, for instance, check that the washing machines comply with prescribed consumption levels. They test energy and water consumption, as well as speeds, according to the specifications of the energy label. For this purpose, they wash many loads of laundry a day – adhering strictly to the provisions of the comprehensive 200-page European Standard. They also receive appliances to be tested from customer service cases. These may include some very odd cases indeed, like the technical fault found in a Miele washing machine manufactured and



Christine Schäfer examines the quality of mechatronic components for washing machine and dryer doors and other parts, and checks them for errors.



Bodo Landwehr and Thorsten Doll are responsible for performance testing of the washing machine series, and for analysing customer service data and verifying consumption levels.

operated in Germany – the cause turned out to be the generous use of a particularly exotic Asian detergent. The machine and washing powder were simply not compatible. In another case, the sensors of a washing machine had gotten completely ruined because the female owner had manually poured several buckets of water into the machine through the detergent dispenser drawer. She believed that her new washing machine was not getting enough water from the pipe. She did not realise that the new model merely used far less water than the old one.

Identifying the cause of a fault is often tricky, but it is always found in the end. And then what? Christine Schäfer, the fault detective, knows the answer: "Then, we rectify the fault."

Of course, finding faults in supplier parts is not the sole activity of quality management, but it is an important one, as is endurance testing of components intended for use in Miele appliances. In other areas of the quality management department at Gütersloh, impressive fatigue tests are supervised by Friedrich-Wilhelm Uhlemeyer and Winfried Remppe.



Machines automatically open and close dryer doors. Shock absorbers that are designed to cushion the movements of the drum when spinning rattle around in a glass box – for hours. After all, Miele appliances are designed for a product life of 20 years, during which they will have to stand considerable mechanic stress. According to Winfried Remppe, "Miele is the only manufacturer in the domestic appliance industry to perform these extreme component tests". Just like her colleague Christine Schäfer's intensive search for faults, such tests are part of the comprehensive methods and steps that Miele implements to ensure and improve process and product quality. (► Read more about quality management at Miele online).

## Stakeholder dialogue

As a globally acting company, Miele influences people and institutions in many different fields. Engaging in a dialogue with them, exchanging information and views, is only natural to the appliance manufacturer and drives sustainability work in the company and in society forwards.

The stakeholder dialogue helps the company to identify trends and new developments as well as risks at an early stage, and also to achieve common sustainability objectives. It is the only way of making sure that Miele is responsive to the needs of the different stakeholders, above all the customers. Communication with customers, employees, business partners, NGOs, scientists, business leaders and decision-makers on an equal footing encourages trust on both sides. Miele therefore strives to maintain a continuous two-way exchange with relevant stakeholders in Germany and abroad.

At the same time, the company uses the stakeholder dialogue to find out how its own actions affect human beings and the environment and to render account. Transparency is a top priority. Usually, the dialogue consists of a direct discussion between a specialist department at Miele and the special interest group in question.

The PR department is responsible for stakeholder management and usually receives, responds to and evaluates most queries and claims arising in Germany, as well as some from other countries. In the international company locations, the stakeholder dialogue is managed by the managers of the sales subsidiary, in close consultation with the executive board.

### Miele is engaged in a continuous dialogue with...

**...employees:** The open corporate culture at Miele emphasises dialogue and promotes communication, as symbolised by the glazed top half of the office partitions in Miele offices worldwide. Through the system of employee participation, Miele employees can have a say and contribute to shaping the company. Regular personal meetings



► Quality management

are held with employees to encourage reflection on both sides. Resourceful employees can submit their ideas through the company's suggestion scheme/idea management system.

**...customers:** The in-house market research department regularly conducts customer surveys to establish the level of customer satisfaction and find out what the customers need. Every day, Miele's customer service deals with customers in the domestic and commercial appliances segments directly as a service provider and adviser. Countless interviews and consultations provide feedback about the appliances and the company.

**.....business partners:** Miele typically enjoys long-standing, trustful partnerships with suppliers and other business partners, with whom concepts and solutions to arising problems are developed. A cooperative approach focusing on solutions and dialogue is always favoured.

**...associations and special interest groups:** As an active member of national and international associations, such as the German ZVEI and the European CECED, Miele maintains a dialogue with different interest groups to discuss important industry issues, such as the energy label, WEEE and questions about product safety.

**...scientists and researchers:** The company enjoys a close, long-standing collaboration with scientific institutions like the universities in Bielefeld, Paderborn and Munich as well as the Fraunhofer-Gesellschaft on issues such as product development and optimisation. Together with these institutions, Miele is investigating, among others, ways to make washing machines and dryers even more energy-efficient, along with the components and sensors they require.

**... the public:** Miele is intensively involved in the communities at the production sites, especially the main site in Gütersloh, and this can be seen in its strong ties and close personal relationship with local citizens (► read more about this in the Chapter "Miele in society").



Dr Reinhard Zinkann, Managing Director and Co-Proprietor, talking to specialised journalists from China.

**...policy-makers and legislators:** Both nationally and at a European level, Miele's participation in different committees serves to facilitate a dialogue with policy-makers. On a regional level, the company strives to maintain personal relationships. A direct dialogue with local politicians is ensured by the proprietor families in Gütersloh and by the plant or subsidiary managers in the other locations.

**Involving stakeholders in strategic development**

As part of the development of the sustainability strategy, a large-scale customer survey was conducted with over 2,000 participants in the summer of 2011 to establish how sustainable they perceive Miele to be. (► More information on the customer survey can be found online.) In addition, telephone interviews were conducted with 22 experts from the fields of research and science; with the public, politicians, employees and business partners. The expert stakeholders were asked to rate Miele's current performance in the area of sustainability and to give their own views on relevant topics and trends, as well as future prospects and risks facing Miele.

Surveys concluded that "energy and resource efficient products" was considered the most important issue of the future by far. Other important topics mentioned by the respondents were product durability and the elimination of hazardous substances in products; energy efficiency and resource efficiency in the production, environmental protection, employee training, employee satisfac-

tion, the advancement of junior employees, and demographic change. They were all considered in the new sustainability strategy. (► For more information, see the Chapter "Sustainability strategy".)

# 22 experts

were interviewed in a stakeholder survey

**An acclaimed sustainability report**

In the ranking of the 150 largest German companies' sustainability reports, Miele's sustainability report 2011 "A focus on people" attained an impressive 7th place, behind six companies on the Dax 30. In comparison to the 2009 ranking, Miele has thus climbed nine positions, becoming the highest placed family-owned company and at the same time the only domestic appliance manufacturer among the top ten.

**Involvement in committees and industry associations**

Miele also promotes its guiding principle of sustainability in the political sphere. Different communication channels are used to participate in political decision-making processes. Collaboration in national and international (e.g. European) associations as well as standardisation committees for the purpose of making the company's and industry's positions heard is important, and so is maintaining a direct dialogue with policy-makers. One of the two co-proprietors is represented on each of the boards of the industry association ZVEI, the German Brands Association the German Brands Association "Markenverband", the organisation for family businesses, "Die Familienunternehmer ASU" and – at a regional level – the Chamber of Commerce and Industry and the employer association.

Members of the executive board, managers and specialists from Miele's different departments often speak at conferences or in meetings relating to sustainability, or represent the company at exhibitions and trade fairs.

Topics range from energy-efficient production methods and resource-efficient products, through specialised issues such as product safety, universal design, emissions, hazardous substances, disposal and recycling, to transport and logistics. Other central issues regard the consumer; e.g. product testing and information (labelling), fair trade, procurement and market surveillance.

Via the platform of the Association of Home Appliance Manufacturers (AHAM), experts from Miele's US sales subsidiary are intensively involved in defining criteria for a sustainability label for household refrigeration appliances and vacuum cleaners (2011/2012). Miele strives to achieve strict criteria in areas, including energy efficiency, elimination of hazardous substances and product life.

In Germany, Miele experts are always involved in the continued development of requirement catalogues for the "Blue Angel" labelling of large domestic appliances. Here, too, Miele calls for stricter requirements concerning consumption levels and product lives to ensure a more economical use of resources.

The appliance manufacturer was one of the industrial representatives in the climate dialogue with the Federal Ministry for the Environment (2010/2011) and was directly involved in the concluding report "Climate Protection and Growth", which describes voluntary targets and meaningful actions towards more energy efficiency and better environmental protection.

As a supplier of medical devices, Miele is also participating in the work of the European Association for Sustainable Laboratory Technologies (EGNATON) to establish criteria for a sustainability label for medical laboratories.

**Outlook and objectives**

In order to further emphasize Miele's value-oriented corporate philosophy, the company aims to promote a more systematic stakeholder dialogue and more structured processes in stakeholder management. Preparations began in the third quarter of 2012. The stakeholder management policy will be ready as a guideline for the sales subsidiaries in the financial year 2012/2013.



► Customer survey



► Memberships



The vacuum cleaner production in the Bielefeld plant

# 3 Products and supply chain

Energy-efficient and durable domestic and commercial appliances with a minimal impact on the environment throughout the product life cycle. State-of-the-art, reliable products that can be easily, safely and comfortably operated by anyone. A production which complies with sustainable social standards. These are all crucial aspects of Miele's commitment to the products it manufactures. In addition, Miele develops appliances that make the most of modern concepts for energy use.

- Customer-oriented development 21
- Sustainable products 24
- Spotlight on the electronics plant 28
- Responsibility in the supply chain 30

## Customer-oriented development

Whether they are intended for use in the comfort of someone's home or in a commercial setting, Miele's appliances comply with stringent requirements in terms of quality, product life, function and sustainability. It is the result of Miele's focus on the entire product life cycle in research and development activities, which is of benefit both to customers and the environment and minimises the resources used.

In product development, technical innovation can reduce the environmental impact of doing the laundry, make dishwasher cycles shorter and cooking healthier and also increase the energy efficiency and reduce the energy consumption of all appliances. Quality is the overriding objective, together with a careful use of natural resources.

Miele's stated aim is to develop efficient and durable products with the smallest ecological footprint possible from production to use and disposal. Even in the early stages of development, the technologies and modifications of appliances

under consideration are studied with regard to numerous sustainability criteria, such as resource efficiency and recyclability.

Customer safety, hygienic aspects and emissions (odour, noise and moisture) are other issues which have to be taken into account early on. Universal design is a concept that Miele has applied for many years. Miele appliances should not only have a homogenous, elegant exterior. More importantly, they should appeal to and be accessible by all consumers to the same extent, including people with disabilities. (► For more information, see the Chapter "Sustainable products".)

Miele's standardised product design process, IMNU, and the so-called environmental checklist which is used from the preliminary design stage to series production, ensure that all vital aspects are considered, and that the defined sustainability criteria for each stage of the development process are met before the next stage is initiated. (► More information about directives and instruments can be found online.)



- Sustainable products
- Directives and instruments

## Measures to reduce the environmental impact in every life cycle phase of a product



- Product development**
  - Compliance with legislation and directives (e.g., EcoDesign requirements for ErPs)
  - Integrated product policy
  - Consideration of stakeholder requirements
  - Selection of material with an aim to use secondary raw materials and achieve a high recyclability and, as a consequence, great resource efficiency
- Production**
  - Environment and energy management
  - Use of best available techniques
  - Avoidance of critical substances

- Transport and logistics**
  - Short transport routes
  - Transport bundling
  - Efficient utilisation of freight space
  - Use of low-emission transport
- Usage phase**
  - Low consumption levels
  - Long product life
  - Qualified maintenance and repair service
- Disposal**
  - Legal compliance (WEEE, RoHS)
  - Commitment to optimising recycling processes/increasing recycling quota

### Calculating the CO<sub>2</sub> footprint

▶ The example of a Miele commercial dishwasher shows how a comprehensive life cycle assessment was conducted to calculate the carbon footprint of the appliance. According to the "cradle to grave" concept, the assessment included the extraction of resources from nature, their processing into semi-finished products, the manufacturing of the appliance in the Bielefeld plant, the use of the dishwasher by the customer and its disposal or recycling at the end of its life.

▶ The calculated CO<sub>2</sub> footprint confirmed that the utilisation phase is the most crucial one. More than 92 per cent of emissions caused by the product are generated in this phase. It follows that reducing the amount of energy consumed by the appliance is the top priority.

▶ Miele therefore offers energy-saving appliances throughout the product range, for both domestic and commercial use, and demonstrates ways to achieve further reductions in CO<sub>2</sub> emissions by using "energy-intelligent" appliances which are Smart Grid-enabled or offer functionality such as Eco Feedback. (▶ See the Chapter "Sustainable products")



### Dealing with conflicting objectives

A variety of instruments are used to analyse and weigh environmental aspects against user benefits in cases where they constitute diverging objectives.

For example, let us look at the area of commercial appliances: specific properties, such as the time a dishwasher takes to complete a cycle in the restaurant, or hygiene in a hospital, have overriding priority. However, such properties are often in conflict with the stated objective of reducing the use of resources. Meeting the needs of the customers (short programme cycles, perfect washing results in terms of hygiene, etc.) while reducing the consumption of water and power as well as the chemicals used is an enormous technical challenge. Thanks to great efforts and even fundamental research in the development work, these conflicting objectives can be reconciled further with every new product.

The customer is always at the heart of the considerations, and the result should be an overall optimised solution and the best appliance on the market.

### Responsibilities

Several different departments are involved in and work closely together on product development: The Design Centre and the marketing and market research departments study customer needs, possible new products and potential for improvement. The construction/development departments bring their findings into the concept development process and consult the design and production departments, suppliers, tool manufacturers and assembly staff in the early stages of development. The Design Centre establishes the requirements in terms of design and use and implements them in new ideas for products and applications that are finally tested in the application laboratory for further improvement. The environment department



CAVE 3D projection technology in the Miele Design Centre

for products and quality management support the entire development process, ensuring compliance with Miele's own standards and statutory requirements and that specific knowledge is taken aboard. (▶ Read more about product design online.)

# 25.000

consumers were surveyed  
over two years

### Taking customer needs into consideration

In order for the development engineers to be able to meet the needs of potential customers to the greatest extent possible, these needs first have to be identified and assessed. Customer needs analyses (international surveys) and so-called usability tests offer crucial information. Miele has been conducting customer surveys in Germany and abroad for over 30 years. In the financial years 2010/2011 and 2011/2012, more than 25,000 consumers were surveyed.

In addition, the company has its own test studio on the premises in Gütersloh, where new domestic appliances are tested by representative consumers.

Miele cooperates with various national and international market research institutes, such as GfK, to get a good overview and a better understanding of the overall context. The specialist retailers, who talk to customers from the domestic and commercial segments every day, provide direct, critical feedback on the demands and preferences of customers, as well as their suggestions and complaints. This is very valuable information for Miele. (▶ Read more online under the headings "Commercial appliances: the requirements of the professionals" and "Cooperation with stakeholders".)

### Outlook and objectives

In order to understand customer requirements even better, new standardised study templates have been developed to expand global market research activities. This provides the international sales subsidiaries with standardised methods for surveying customers. In the professional segment, the results of customer surveys on sustainability and user-friendliness will be taken into consideration for future product developments. Work on future scenarios will be intensified.



- ▶ Commercial appliances: the requirements of the professionals
- ▶ Product design
- ▶ Cooperation with stakeholders



Is the temperature right? Quality testing of a coffee machine.

## Sustainable products

Several properties make Miele appliances sustainable products. For example, they are very durable, reliable, convenient and energy-efficient. Additional features on many models allow users to influence their energy and water consumption themselves. New energy-intelligent appliances with smart grid technology go one step further – they "choose" the most economical time of the day to operate and thereby use energy from regenerative sources.

### Long product life

The long life of Miele products is legendary, and dates back to the founders of the company. Their products – the cream separators and butter churns – stood their ground against many products from the established competition because they were made with better materials and sophisticated production methods. The result was reliable and durable appliances. Today, Miele is the only manufacturer in the industry that tests all appliances for 20 years product life.

# 20 years

service life is the standard for  
Miele appliances

Such foresightedness is welcome to the environmentally aware customers. A longer product life means less waste. The advanced energy efficiency, program updates to reduce consumption during the use phase and smart grid technology guarantee that a Miele appliance purchased today will offer above-average to excellent consumption levels even ten years from when it is first used.

In addition, components and materials have to comply with strict standards to ensure that the use of the products is still economically viable and ecologically sustainable, even after many years. All calculations are based on an average everyday usage by a family of four for 20 years.

### Excellent energy efficiency

Approx. 80–90 per cent of the total energy used by domestic and commercial appliances is consumed during their usage phase. That is

why developing and manufacturing products with the lowest possible resource and energy consumption is a top priority at Miele.

In fact, top energy efficiency and a careful use of resources are guiding principles in the product design – Miele's ambition is to perfect all programmes and functions, not just the programmes and properties required for the energy label. The result of the efforts is that all Miele appliances rank among the most energy-efficient products on the market.

### More efficient domestic appliances

In the reporting period, a number of measures and developments contributed to boosting the energy efficiency of domestic appliances further.

In 2011, Miele was the first manufacturer in Europe to introduce washing machines with the new highest energy efficiency rating, A+++, on the market. In total, 54 per cent of all Miele washing machines already complied with the highest energy efficiency rating (A+++) in the financial year 2011/2012.



No more overdosing: EcoComfort washing machine with automatic dispensing unit for liquid and powder detergent



► Products and supply chain  
► Classification of Miele appliances in accordance with the Energy Consumption Labelling, p. 10  
► Trends in the specific consumption data for Miele appliances, pp. 11–12

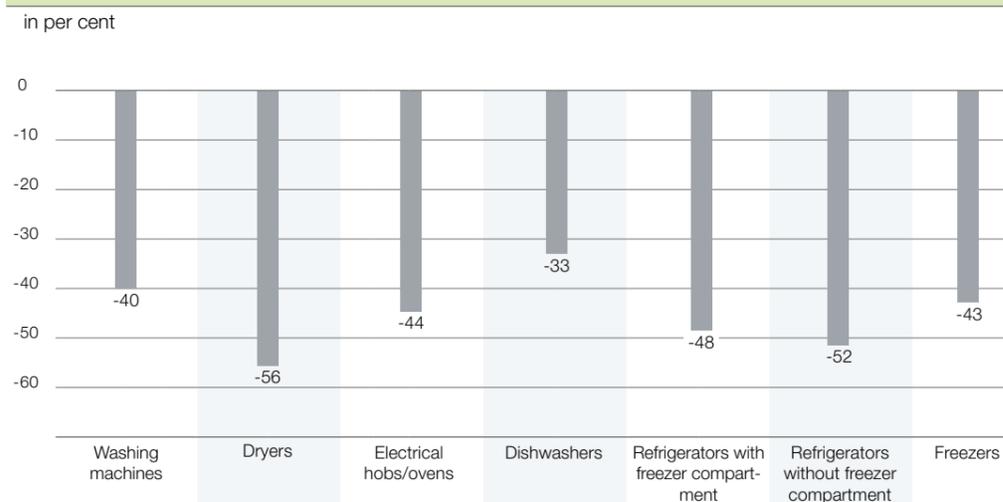
## Conserving resources and cutting costs

**Using efficient appliances longer makes sense** The case has been argued for replacing older appliances with new, more efficient appliances before the end of their life for environmental considerations. However, it makes less sense with modern Miele appliances. This was concluded back in 2009, in a study by the "Öko-Institut" in Freiburg. Results from the study show that using a domestic appliance for as long as possible instead of replacing it early will still be the more ecologically viable alternative in the future. Nevertheless, this is only true of appliances which when sold represent the state of the art in energy efficiency and assuming that no future significant leaps in efficiency are to be expected in comparison with the current top appliances. Naturally, Miele still continues to develop more energy-efficient appliances and is also working on new ways to cut costs.

**Weighing the costs carefully** When it comes to commercial appliances, which are associated with high investment costs, conserving resources is still less of a priority than with domestic appliances. Users often prefer cheaper, more inefficient appliances. Particularly for commercial appliances, Miele therefore provides detailed and comprehensive amortisation calculations for the whole product life cycle, taking into account actual customer needs and local conditions.

**Comparing product longevity** Customers can get an objective overview of the life cycle costs of Miele domestic appliances in comparison to the competition in efficiency ratings like the one provided by the EcoTopTen initiative.

## Reduction in energy consumption by domestic appliances since 2000 <sup>1)</sup>



<sup>1)</sup> Comparison of the most energy-efficient Miele appliance available on the market in the financial year 2011/2012 with the most energy-efficient Miele appliance from the year 2000.

Miele has succeeded in gradually cutting the energy consumption of domestic appliances since 2000, while maintaining or even improving their performance. In washing machines, the consumption was cut by 40 per cent, in dryers, the energy saved amounted to 56 per cent. In refrigerators, the energy consumed was cut by up to 52 per cent.



► ecotopten.de

# 7 litres

of water is all a Miele dishwasher needs to clean the dishes

2011 also saw a new generation of the heat-pump dryers which were first introduced on the market in 2008. The already highly energy-efficient heat-pump dryer was optimised further so that its energy consumption could be reduced by almost 20 per cent. These relatively environmentally friendly models use less than half the energy consumed by conventional condenser dryers.

In 2010, more than 85 per cent of all refrigerators and freezers sold by Miele complied with the highest requirements of the then best energy efficiency ratings, A+ and A++. In 2011, the figure had risen to over 90 per cent, with a trend towards A++. Add to this the appliances sold with the new highest rating, A+++, in Central Europe.

In the reporting period, Miele also increased the proportion of dishwashers with the higher energy efficiency ratings. The best energy efficiency rating, A+++, is now increasingly offered in the

mid range price segment. All Miele dishwashers also have a hot water connection, which can be used to make additional savings on energy. In the automatic program, the dishwasher uses as little as 7 litres of water.

Miele appliances have always achieved very low standby consumption levels. In the reporting period, the power consumption in standby mode could be reduced to less than 0.1 watt for many appliances, which is significantly lower than statutory requirements.

### More efficient commercial appliances

In April 2012 a new generation of commercial dishwashers became available to the market: the ProfiLine range. Compared with previous series, consumption has been significantly reduced while performance has seen a boost. The water and energy consumption in the programmes has been reduced on average by 10 per cent. In the Eco programme, the water and energy consumption has been reduced by over 30 per cent. The appliance thereby achieves an A+ energy efficiency rating – a great improvement on the predecessors, which received the rating C.

Autumn 2012 saw the introduction of the new commercial dryer technology, H<sub>2</sub>O, which can use hot water from various different sources, e.g. the cooling circuit of an on-premise co-generation plant. The energy costs of a commercial tumble dryer can thus be cut by up to 96 per cent. Other potential sources of hot water are solar thermal energy, geothermal energy and district heating.

Since December 2012, Miele offers small commercial washing machines ("Little Giants") with very fast wash cycles and an A+++ energy efficiency rating in the Eco programme.

Exciting things are happening in the medical technology segment too: With the optional feature "Perfect Eco" for large-capacity disinfectors, the amount of cold water used per load can be reduced by up to 130 litres. This corresponds to a 38 per cent reduction. (More information about eco-friendly functions in domestic and commercial appliances can be found online).



The Eco Feedback function displays the current energy and water consumption depending on the programme.

### Energy-intelligent domestic appliances

In order to further minimise the environmental impact of domestic appliances, Miele became the first manufacturer in the world to offer Smart Grid ready domestic appliances. Washing machines, tumble dryers and dishwashers with the SG Ready logo are able to start automatically when lower-rate tariffs are available or the photovoltaic unit in the home provides enough power. It is a great way to use environmentally friendly energy more efficiently and cut the cost of electricity.

(More information is available online under the headings Smart Grid ready and Convenient appliance networks with Miele@home. Online, we report in this chapter about additional product-related fields of activity of our sustainability strategy.)

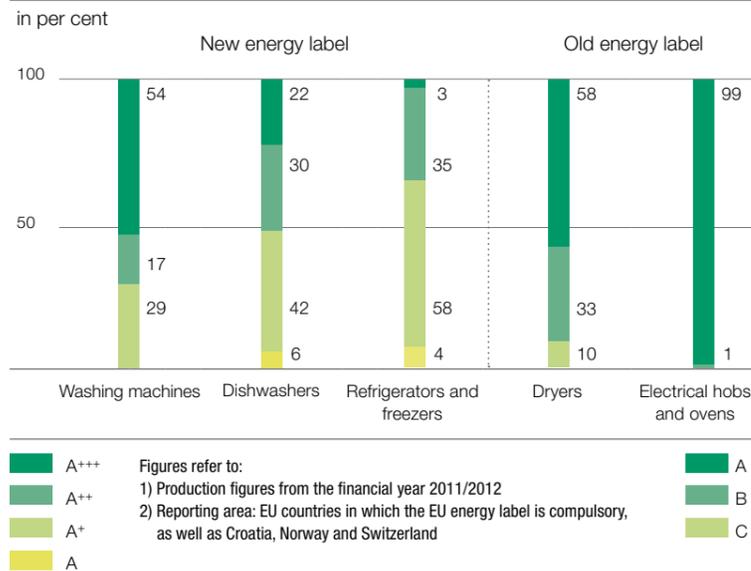
### Outlook and objectives

Saving energy and conserving resources are still major priorities. The aim is to increase the proportion of washing machines, dishwashers and refrigerators with the two best energy efficiency ratings (A++ and A+++) for the European market by 20 per cent. In the medium term, Miele's range



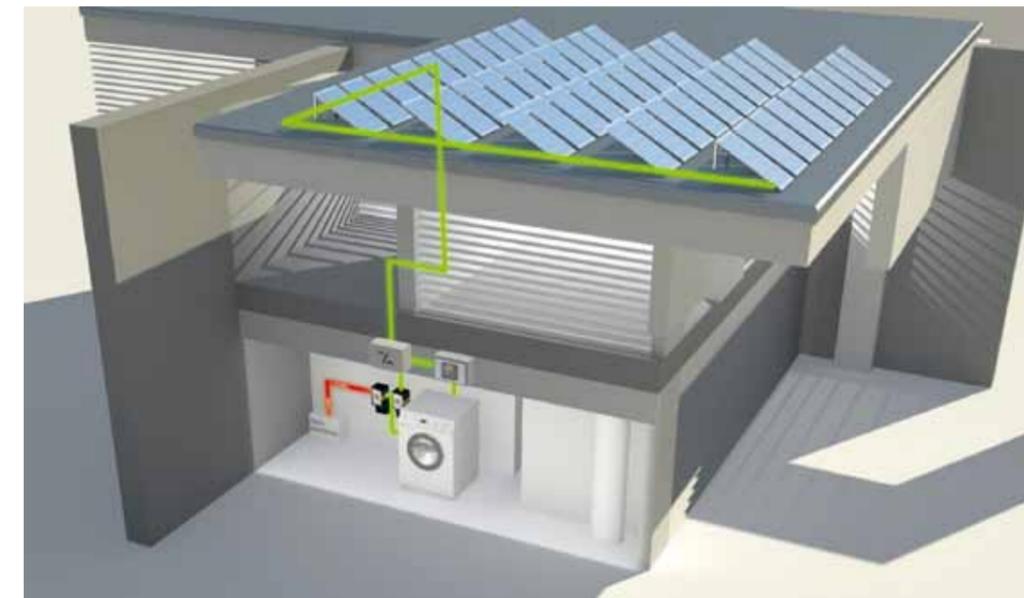
- ▶ Smart Grid ready
- ▶ Miele@home
- ▶ Universal design
- ▶ Gentle processes
- ▶ Strict hygiene standards
- ▶ Low emissions
- ▶ Avoidance of critical substances
- ▶ Product safety
- ▶ Recyclability
- ▶ Return and disposal

### Energy efficiency ratings for each product group



Figures refer to:  
 1) Production figures from the financial year 2011/2012  
 2) Reporting area: EU countries in which the EU energy label is compulsory, as well as Croatia, Norway and Switzerland

The new energy label applies to washing machines, dishwashers, refrigerators and freezers, and the new ratings A+++, A++ and A+. The old energy label applies to tumble dryers and electrical hobs and ovens.



The use of solar power generated in the home makes domestic appliances sustainable and cost-effective.



- ▶ Eco-friendly functions

of refrigerators and freezers will no longer include appliances with the rating A+.

In the future, Miele appliances will be even better designed to use regenerative energy sources. The product range will be expanded to include, among others, a solar dryer and dishwashers with a special programme for the use of water heated by solar panels without additional electrical heating. This could save up to 90 per cent energy.

Further measures throughout the entire product range will achieve greater energy efficiency and smaller carbon footprints. For example, features such as SG Ready, Eco Feedback and AutoDos will be developed further.

In the area of commercial dishwashers, the water and energy consumption will be further reduced. Importantly, the performance, i.e. the cleaning results and programme times will remain the same or become better. To achieve this, Miele is investing in new technologies like energy recovery systems and optimised process technology.

SPOTLIGHT ON THE ELECTRONICS PLANT



### Innovation in electronics

Modern domestic appliances without electronics are inconceivable today. Miele consistently relies on in-house development and production, since this is the only way to guarantee the desired quality standard and allows for many applications that customers will only find in Miele's product range.

With the end of 2013 in sight, there is an air of excitement around the Miele's electronics plant in Gütersloh. The production area has already been expanded by approx. 1,200 square metres and the first clean rooms for the production of innovative TFT displays are in use. During the next few weeks, new production lines will follow. All will be set up to produce the new built-in appliance series Generation 6000, which will be available on the market in 2013. Their performance and user-friendliness depend to a large extent on their electronics. The Gütersloh plant provides almost all Miele products with these essential components, but some are also manufactured in Braşov, Romania.

Components for PCBs are scanned before being used in production, so that they can be traced.

In the domestic appliance industry, developing and manufacturing your own electronic components is not very common, but to Miele it is an absolute necessity. "If we were to buy electronics available on the global market, they would be unable to handle many of the process technologies in our products. We would also have difficulties ensuring the product life we require", Peter Hübinger says. He is the electronics plant manager. In the in-house laboratory, components are tested for a product life of 20 years. Miele electronics must perform well under harsh ambient conditions, such as heat, humidity and the presence of chemical substances. This is simulated in the environmental test chambers. Another endurance test takes place in the EMC laboratory. EMC stands for electromagnetic compatibility. Individual components, but also complete devices, have to remain functional when exposed to electromagnetic interference and voltage fluctuations. Such interference can be generated by transmitters or in industrial environments.

#### Quality starts with purchasing

Particularly high standards apply to professional appliances for use in clinical environments: processes must be well-documented and top precision and sterility are indispensable.

However, rigorous testing is only one aspect of quality management, because quality begins with procurement. Therefore, every supplier product has to "qualify", i.e. it must comply with Miele's own standards. A microprocessor which is good enough for the automotive industry is not necessarily adequate for Miele, since a washing machine will subject it to quite different loads than the dashboard of a car. Another aspect is that all procured parts are scanned



Under the microscope: a finished electrical component for a washing machine is inspected visually

before they are used in production. This way, the manufacturer, production year and batch can always be traced.

In Gütersloh the electronic components are manufactured using SMT (Surface Mount Technology) processes, which ensure a durable and process-stable attachment of the components to the PCB. The production is largely automated; however, in the case of components with larger parts, such as the power element, the amount of manual work required is higher. These components are usually supplied by Braşov. Identical quality requirements and testing criteria apply for both plants. Around 430 employees currently work in the Gütersloh development and production departments. In the Romanian plant, the figure is approx. 140.

When asked about future challenges, Peter Hübinger says: "We follow technical innovations in other industries closely, to see if they can be modified and adapted to our needs". The new TFT display for built-in appliances is one example of such technology. Miele wanted the new screens to have a resolution comparable to that of modern smartphones. According to Hübinger, it was a success. "The luminosity and resolution of our displays are setting new benchmarks in the industry. Moreover, we know for a fact that our displays will last as long as the appliances, i.e. 20 years."



With quality in mind: Plant manager Peter Hübinger (right) and production engineer Burkhard Krimphove in front of an SMT system

## Responsibility in the supply chain

With its new sustainability strategy, Miele has raised the bar for the entire product value creation chain. The company therefore also urges its suppliers to implement sustainability in their organisations.

All suppliers must satisfy high qualitative and economic requirements, and comply with social and environmental standards. Based on the volume of orders, this particularly concerns Miele's approx. 2,300 suppliers of production materials. Around 90 per cent of the entire purchasing volume comes from European suppliers.

### Supplier selection

As part of the supplier management, procurement managers place great value on selecting and placing orders with companies that observe the social and environmental standards defined by Miele.

Suppliers who wish to become Miele's business partners have to submit a complete self-assessment protocol to qualify for the next stage of the selection process. The protocol is a checklist with specific questions which allow for an initial assessment of the potential supplier.

**1,035**  
suppliers took part in the  
2011/2012 selection process

The social criteria in the self-assessment are aligned with the social standard SA8000, which Miele observes in its own plants. The standard is based on the ILO core labour standard, as well as the Universal Declaration of Human Rights. More specifically, these are provisions on the ban of child labour and forced labour, rules on non-discrimination, as well as ensuring the freedom of association and the right to collective bargaining. By signing the contract, suppliers undertake to ensure compliance with social standards in their own supply chain.

To make sure that environmental standards are adhered to, Miele requires its suppliers to have an environmental management system certified to ISO 14001 or a comparable standard. (► Read more about environmental standards in the supply chain online.)

In the financial year 2011/2012, 1,035 prospective business partners took part in the supplier selection process. 17 suppliers were eliminated during the process because they failed to demonstrate compliance with sustainability standards. (► Read more in "Facts and figures" in the Chapter "Responsibility in the supply chain")

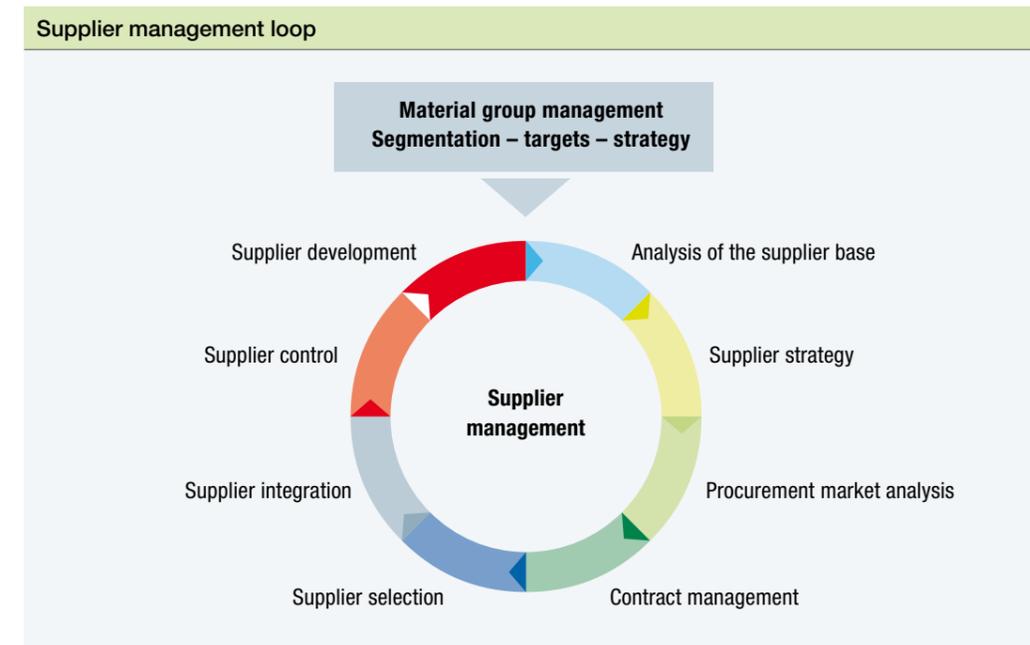
### Monitoring existing suppliers

The procurement department performs a general risk classification of all suppliers. Depending on the supplier's country of origin and industrial sector, it is classified as low-, medium- or high-risk. This classification determines how intensively suppliers are monitored during the collaboration.

Suppliers classified as medium- to high-risk are subject to internal and external audits to ascertain their compliance with the sustainability standards. The intervals between the supplier audits are determined by the risk potential of the country. Suppliers based in countries with a high risk of violations of recognised environmental and social standards are visited at least once a year.

To ensure effective supplier audits, a new training concept was developed in the reporting period for auditors and procurement managers to help them assess the sustainability performance of suppliers. 110 auditors were trained according to this concept.

If a violation of social standards is suspected, an escalation process begins, which can culminate in the supplier being struck off the list and barred for the future. Thanks to careful pre-selection, it has not been necessary to bar any suppliers to date. Gross contraventions of child labour standards, for example, result in unconditional and immediate exclusion. In other cases, suppliers may continue to collaborate with Miele depending on their capacity for rectification –



Thanks to the new supplier management system, in place since 2012, the selection and monitoring of suppliers will now include systematic evaluation of sustainability criteria.

provided that they draw up a corrective action plan in cooperation with Procurement and Quality Management at Miele and thereby fully remedy the problems.

### Fair and trustful collaboration

Miele attaches great importance to establishing fair, cooperative and long-term business relationships. This means a responsible interaction with the business partners, where the demands placed on them by Miele are economically viable. Some suppliers have been collaborating with Miele for decades now.

That the suppliers are involved from the product creation processes onwards is indicative of the trusting relationship and the strong focus on dialogue.

### Outlook and objectives

By the middle of 2013, an additional contract management element will be included in the supplier management system which was introduced in 2012, to improve control of the sustainability standards.

An optimisation of the supplier assessment system is also being planned, so that sustainability criteria will be given greater consideration in the area of procurement. In the future, contracted suppliers will also be assessed continuously during series production. Potential for improvement will be identified and exploited jointly.



► Environmental standards in the supply chain



► Responsibility in the supply chain, p. 15



► sa-intl.org



The new, highly efficient refrigerating plant in Gütersloh.

## 4 Environmental protection at the company locations

Products that save water and energy are at the heart of Miele's business activities. However, the company also wants to ensure that the production itself is as environmentally friendly as possible. The conservation of resources and energy efficiency are therefore essential aspects in the areas of production, infrastructure, transport and logistics. A well-established environmental management system is the key to achieving sustainability objectives.

**Environmental management** 33

**Resource efficiency** 34

**Spotlight on the foundry** 36

**Energy use and emissions** 37

**Transport and logistics** 40

### Environmental management

A key element of Miele's sustainability strategy is protecting the environment throughout the company. The aim is to make sure that manufacturing operations as well as buildings and infrastructure are as energy-efficient and use as few resources as possible.

A strategy of avoidance, reduction and recycling is employed to plan and design systems and processes, together with state-of-the-art technology. The vertical range of manufacture of almost 50 per cent, an unusually high figure for the sector, enables Miele to ensure that environmentally friendly methods are used for a large proportion of the value added while relying on its own production and know-how, thus also reducing logistical processes.

## A vertical

integration of almost 50 per cent

enables Miele to implement effective

measures quickly and on a large scale

### Certified management systems

Operational environmental protection at the Miele production sites is governed and organised by the integrated management system. The certification of this environmental management system according to ISO 14001 was renewed at all European sites in December 2011. In addition, the Dongguan plant in China will be certified according to DIN EN ISO 14001 in the financial year 2012/2013. (► For information about certified locations, see the "Facts and figures".)

The environmental management system contains guidelines for essential environmentally relevant aspects such as materials, emissions, waste and water. The control and surveillance of the company's environmental performance are based on environmental indicators, which

the executive board uses to define targets and to plan necessary investments for a continuous improvement of the environmental performance.

### Energy management

Miele has an energy management system as specified in DIN EN ISO 50001 and the Gütersloh plant is accredited according to this standard. The single greatest consumer of energy on the premises – the foundry – was certified according to DIN EN 16001 for the first time in June 2011. When this standard was replaced, the foundry was subjected to a transfer audit according to DIN EN ISO 50001 in June 2012. The new standard seeks to establish significant transparency in relation to the energy flows of the principal systems and equipment and includes employee behaviour in the efficiency process. Miele considers the implementation of the standard an effective approach to further energy savings by taking steps to improve energy efficiency. As of the financial year 2012/2013, all Miele plants will therefore gradually be prepared for certification of their energy management system. As part of the implementation of this standard, more employees will undergo extensive training to become auditors.

### Organisation and surveillance

Environmental management at the production locations is the responsibility of the central department Occupational health and safety/Operational environmental protection, which is also responsible for the entire Gütersloh site. On site, operational environmental protection is integrated in the different departments, such as production technology.

In all Miele plants, qualified personnel are responsible for managing operational environmental protection. The associated tasks are considered in the DIN EN ISO 14001 certification process and are subject to external audits. (► Read more about auditing in the online chapter "Sustainability management".)



► Auditing



► Integrated management system ► Certified Miele locations, p. 7

## Resource efficiency

For environmental and economic reasons, conserving natural resources is an important strategic objective to Miele. It is also vital for ensuring the company's future supply.

Primarily, this objective is achieved by manufacturing particularly efficient and durable products as well as implementing effective measures, such as the efficient use of materials and, consequentially, the avoidance of waste of any kind. The high content of recyclable materials and secondary raw materials in Miele products also serves the purpose of conservation. By minimising the consumption of water and energy in the production phase, Miele completes the circle. (► Read more on the topic of energy in the Chapter "Energy use and emissions".)

### Resource-efficient materials

The increasing scarcity of natural resources makes the efficient use of materials a strict necessity, along with the search for environmentally friendly substitutes and the use of secondary raw materials. However, not every material that can be easily recycled satisfies Miele's requirements in relation to quality, durability and performance. Reconciling the different aspects is the real challenge.

The high metal content of Miele appliances (85 per cent in domestic washing machines, up to 90 per cent in commercial appliances) contributes significantly to the quality and long service life of products and to efficient recycling.

Miele's endeavour to further augment the high content of secondary raw materials, particularly regarding the metal that is used, while taking the abovementioned criteria into account, plays an important part in conserving resources.

The proportion of recycled plastics in Miele appliances is still relatively low. The reason for this is that there are virtually no standardised recycled products on the market for sophisticated technical applications, which can be used over a prolonged period while maintaining the same high quality. However, Miele is closely monitoring developments with the firm intention of using more recycled materials as and when they become available. For example, the washing machine model W 5821 contains 50 per cent secondary raw materials. This appliance is 90 per cent recyclable, partly thanks to the high metal content (86 per cent). (► More information about the secondary material content and the recyclability of other Miele appliances is available in Facts and figures.)

packaging is required. Across all appliances manufactured by Miele, the packaging accounts for 8.4 per cent of the total weight (2011/2012). In 2000, this figure was 8.8 per cent.

In the reporting period, a change of supplier and an optimisation of processes meant that the use of polyethylene film (PE) for packaging could be reduced by 36 per cent, which corresponds to 44 tons of PE film less used every year. Naturally, this change did not adversely affect the packaging quality, nor did the use of other materials increase.

Plastics currently make up 10 per cent of the overall raw materials used. Modern plastics manufacturing is so precise that the use of the material is extremely resource-efficient.

To facilitate manual disassembly, Miele keeps the number of materials and screw varieties to a minimum and labels plastic parts according to the international standard DIN EN ISO 11469.

When it comes to expensive medical devices, Miele's golden rule is that customers should be able to use their existing accessories with the new appliance, such as the baskets used with large-capacity disinfectors. This significantly reduces the amount of material sent for disposal or recycling.

### Avoiding waste

Miele actively pursues a policy of avoiding and separating waste at the source, from the administrative offices to the sorting plants adjacent to production. The total amount of waste has thus dropped by 1.7 per cent from 29,100 metric tons in the financial year 2010/2011 to 28,600 tons in 2011/2012.

Of this waste, 87.8 per cent was sent for recycling and processing and only 2.5 per cent became landfill. In the financial year 2011/2012, the amount of hazardous waste produced was reduced by 147 metric tons on the previous year to 2,344 tons.

The amount of waste from production per ton of product dropped from 144 kg/ton in 2010/2011 to 143 kg/ton in 2011/2012.

(► For more details, see the section "Waste" in Facts and figures or read about waste water treatment online.)

### Water

Miele is continuously striving to reduce its water consumption through systematic water management. Of course, strict drinking water hygiene is observed regardless of the savings achieved. Miele does not own plants in any locations where water shortages are an issue.

In the past years, the overall water consumption has been continuously reduced. The amount of water used dropped by 8 per cent from 360,000 m<sup>3</sup> in the financial year 2008/2009 to 331,000 m<sup>3</sup> in 2010/2011. However, in 2011/2012, the water consumption rose again due to alterations to the plant in Dongguan, China. In the Dongguan plant alone, the water consumption increased from 22,000 m<sup>3</sup> to 64,000 m<sup>3</sup>. In the other Miele locations, the water consumption for the financial year 2011/2012 remained the same as in the previous year, or was even further reduced. In Gütersloh, water was saved thanks to the merging of production stages in surface finishing and the cascading of water flows. (► For more details, see the section "Water and waste water" in Facts and figures.) ► Read more about waste water treatment online.)

### Outlook and objectives

Miele continuously improves its production processes and uses new recycling technologies. The result of these efforts is that the recycling rate of waste from all Miele locations will remain high, and by the end of the financial year 2013/2014 it is expected to rise from 94 to 95 per cent.

In-depth analyses of each location reveal further potential for reducing waste. For instance, waste from production activities of 143 kg per metric ton of products (2011/2012) can be reduced by 2 per cent in the same period.

Over two years, the water consumption is to be reduced by 5 per cent from 2.15 m<sup>3</sup> per ton of product in the financial year 2011/2012. The water network will be modified and optimised for this purpose.



► Products and supply chain  
► Materials in domestic appliances and commercial machines, p. 14  
► Materials used in production, p. 13



The interior of a dishwasher in a surface finishing system in the Bielefeld plant: saving 3,500 m<sup>3</sup> fresh water a year thanks to modern technology.

Up to 90%  
of a Miele appliance is made of metal,  
to ensure quality, a long product life  
and high recyclability

### Use of resources and materials

In 2011/2012, Miele used 101,337 metric tons of raw materials, of which 90 per cent consisted of metal in the form of iron, non-ferrous metals, steel and its alloys. This includes grey cast iron used, for example, in drum reinforcement and mass balance weights for washing machines.

The weight of the products generates strong acceleration forces during transport, which also affect the packaging. This means that very robust



► Water and waste water, p. 21

► Waste, pp. 19–20



► Waste water

## Casting for quality and longevity

When the Miele plant was erected in Gütersloh in 1907, an iron foundry was also built, which exists to this day and, what is more, is one of the most modern foundries in Europe. But why would a manufacturer of domestic appliances want to pay for the upkeep of something as expensive as an in-house foundry?

"For economical reasons and to ensure our high level of quality", Ralf Kretschmer says. He is the manager of the foundry and the machining workshop. Flake graphite iron is cast and machined here, mainly in drum reinforcement and for making coil weights for washing machines. These drum reinforcements and weights ensure that the washing machine stays in one place while spinning. Above all, they help the machine stand the enormous forces generated for the entire product life – in Miele's case, 20 years. This means the quality standards are set high from the beginning.

Grey cast iron is also a resource-efficient material. Its recycling rate and recyclability are unrivalled. The cast iron parts make up a large proportion of the high metal content in Miele appliances (up to 90 per cent) and contribute to the appliances' recycling rate of up to 90 per cent.

The range of parts produced in the foundry is wide; it spans from the tiny 200 grams of a counterweight for the rotary ironers to the heavy drum reinforcement used in commercial washing machines which weighs in at a proud 45 kg. A drum reinforcement for a domestic washing machine weighs on average 14 kg.

2.5 million parts are produced here every year, which means that more than 25,000



The casting furnace is filled by the founder.

metric tons worth of components leave the foundry to be assembled into Miele appliances in Gütersloh or one of the other Miele plants. 65 people work in the foundry and 55 in machining. "This work requires knowledge, diligence and conscientiousness," Ralf Kretschmer says.

In 2012/2013, Miele will be investing more than € 10 million in this production area and in autumn 2013, a new production line will be taken into operation in machining. The foundry itself has been continuously modernised since the mid 1990s; for example, through the purchase of particularly energy-efficient electric melting furnaces.

It is now both extremely efficient and competitive. In fact, it even saves energy. This was confirmed by the certification of the Gütersloh foundry and machining workshop according to ISO 50001. "The foundry consumes 25 gigawatt hours of electricity

a year", Hubert Hermelingmeier says. In charge of energy management at Miele in Gütersloh, he goes on: "so naturally, as in all other areas, we try really hard to find new ways of optimising our energy consumption." All employees are involved in this work. Training is offered at regular intervals, and the company runs campaigns to raise awareness. They have been very successful: Miele personnel are now very keen to promote behaviour that conserves energy and resources, and ideas and suggestions on how to do this are exchanged between departments. (► Read more about Miele's foundry online under the heading "Miele's foundry – a reference object".)



Automatic quality testing station  
Melting operations in the foundry



## Energy use and emissions

The scarcity of natural resources and the effects of climate change demand a complete change in our approach to using energy. Both homeowners and large industrial corporations have to reduce their energy consumption and improve energy efficiency.

Miele recognises its responsibility in terms of environmental protection, which is why a systematic improvement of energy efficiency in production and in the company buildings is its stated aim. For this purpose, an assessment of potential was carried out in all plant locations in 2012/2013. It studied all supply systems and many manufacturing systems systematically with regard to potentially boosting efficiency. Also, the best available technologies were established. In the financial year 2013/2014, the first measures are to be planned and implemented.



► Miele's foundry – a reference object

### Energy efficiency in production and buildings

Recent achievements are indicative of the successful efforts over the past years. Miele has been able to cut its energy consumption further. For instance, from the financial year 2009/2010 to 2011/2012, the absolute energy consumption was reduced by 8 per cent to 232,468 megawatt hours a year (MWh/a). Since 2000, the energy consumption has been reduced by 15 per cent in total. Since 2009/2010, the specific energy consumption was reduced by 5 per cent to 1,368 kilowatt hours (kWh) per metric ton of product. Since 2000, this value has fallen by as much as 28 per cent. To achieve this, Miele invested in energy-saving initiatives and thus environmental protection.

In Gütersloh, one energy-saving initiative involved employing new highly efficient cooling units to cool the computer centre and to supply air conditioning in several areas. The system was connected to the central integrated heating system so that the generated heat can be supplied to the circuit for building heating. Once the expansion reaches the final stage, this will result in 2,000 megawatt hours of energy saved a year. This corresponds roughly to the amount of energy required to heat 100 detached houses.

The modernisation of the system will also save 450 MWh/a of electricity, which corresponds to a reduction in CO<sub>2</sub> of 93 metric tons a year.

Administrative buildings and production facilities in Gütersloh will undergo gradual renovation to optimise energy aspects, which will further reduce the energy required for heating in the medium term.

In the plastics plant in Warendorf, the energy efficiency of the injection moulding machines is continuously improved. Similar measures in the past have resulted in a 22 per cent increase in efficiency.

The roll-out of the energy management system according to DIN EN ISO 50001 in all company locations is expected to bring about even more transparency in relation to energy flows and potential for savings. It is supported by an energy efficiency monitoring scheme introduced in 2012 which will enable better control of the energy savings in all company locations. A review of the results will be carried out every six months.

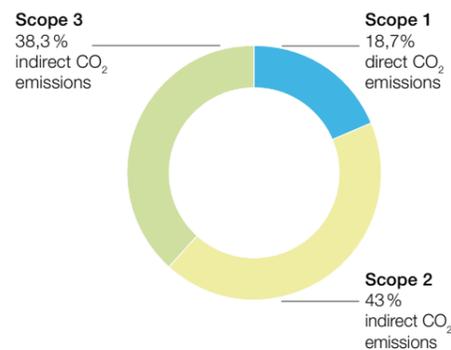
Since May 2011, Miele is involved in the first learning network for energy efficiency in the region East Westphalia-Lippe (OWL), one of 30 similar networks in place all over Germany. Together with 13 other companies, Miele will avoid the use of 11,000 metric tons of CO<sub>2</sub> a year during the 3.5-year project. (► More information about "Networks for more energy efficiency" can be found online.)



► Networks for more energy efficiency

### Miele's carbon footprint

in per cent



2011/12



► Energy and emissions, pp. 16–18

### Miele's carbon footprint

In this sustainability report, Miele presents its first complete carbon footprint based on the international standard of the Greenhouse Gas (GHG) Protocol. This and future reports will also declare indirect CO<sub>2</sub> emissions from transport (outbound), distribution in Germany and business trips, in accordance with Scope 3 of the GHG protocol.

This widened scope of the footprint produces a significant increase in emissions over the previous reporting years, since the indirect emissions of Scope 3 now included constitute approx. 38 per cent of the company's total emissions. Direct emissions from the use of oil and gas as well as from the Miele vehicle fleet (Scope 1) account for 19 per cent and indirect emissions from electricity and district heating (Scope 2) for 43 per cent.

In the financial year 2010/2011 the company's carbon footprint was 95,850 tons; in 2011/2012 it was 95,008 tons, which corresponds to a 0.9 per cent reduction. In the same period, CO<sub>2</sub> emissions per ton of product were cut by 3 per cent from 0.58 tons to 0.56 tons per ton of product.

The specific CO<sub>2</sub> emissions from energy consumption (electricity, district heating, heating oil and natural gas) amounted to 304.7 kg per ton of product in the financial year 2011/2012. This meant that Miele achieved its target of saving 3 per cent on the financial year 2009/2010.

Since 2000, CO<sub>2</sub> emissions from energy consumption have been reduced by impressive 61 per cent. This cut can be attributed in part to the reduction in the absolute energy consumption and in part to the change of electricity supplier in 2001 in Germany, which reduced the CO<sub>2</sub> emission factor for calculation of CO<sub>2</sub> emissions. (► Read more about the use of energy and emissions in Facts and figures.)

### Environmental protection around the world

Miele's subsidiaries are actively promoting environmental protection in different ways:

The Norwegian subsidiary has been using geothermal energy for heating and cooling purposes since the end of 2012.

The Austrian and British subsidiaries are planning to install systems for solar power.

The British have also established targets for further reducing the company's environmental impact. The subsidiary in Finland will modernise its ventilation system to save more energy.

The US subsidiary has implemented a whole range of initiatives. The local environmental committee with representatives from different company departments helps to coordinate and manage these initiatives. A special manual informs employees about the corporate environmental strategy and rules of conduct. The entire subsidiary offices are powered by renewable energy.

The Dutch colleagues use a thermal storage plant to keep energy costs down and reduce CO<sub>2</sub> emissions.

The following subsidiaries have also improved the energy efficiency of buildings through energy-saving lighting systems or thermal insulation: Belgium, the Czech Republic, USA, the Netherlands, Austria and Australia.

### Raising awareness among employees

Thinking and acting sustainably is not something that can simply be imposed; it must be lived by the people in the company. Great savings can be achieved by inspiring employees to act differently. For instance, a study in a representative office showed that the energy consumption there could be reduced by approx. 20 per cent simply through an awareness campaign targeting the employees. Following this study, programmes have been introduced in all plants to encourage employees to save energy.

These programmes are organised around information events on specific initiatives for saving energy in the work environment and are supported by a moderated communication platform in Miele's Intranet.

Regular energy workshops have been set up, in which the energy officers from all plants participate to discuss successful initiatives. These are then replicated in the other plants, to the extent that this is possible.

In summer 2012, a successful campaign on the use of energy in the Bielefeld plant made use of the company's suggestion scheme. A com-



Leakage testing to establish energy losses.

petition was organised and prizes awarded to the winning energy-efficient suggestions.

The subsidiaries are also working to raise employee awareness about the environment. Almost all international offices have guidelines on how to use less paper, recycle or separate waste for disposal, as well as how to save electricity and water.

### Outlook and objectives

Specific CO<sub>2</sub> emissions per metric ton of product are to be reduced by 3 per cent by the end of the financial year 2013/2014.

The specific energy consumption per ton of product is to be reduced by 2 per cent in the same period.

An energy management system is to be set up in each production location by 30 June 2013.

The campaign for motivating staff to save energy will be integrated in Miele's system for added value so that it can be systematically diffused to all employees.

## Transport and logistics

In around one hundred countries, Miele appliances, production materials and replacement parts are transported every day, and service technicians as well as other Miele employees travel on business. This is a lot of traffic, which is why Miele strives to make it as efficient as possible. The aim is to curb the impact of transport on the environment and climate, and to continue to optimise the strictly necessary movements.

A great advantage is that major markets are located in central and northern Europe – around 70 per cent of global turnover are generated in Germany and its closest neighbouring countries, in the UK and in Scandinavia. Transport routes are kept short, since the production sites are conveniently situated: eight out of twelve Miele plants are found in central Germany, one is close to the German border in Austria, one is in the Czech Republic and one in Romania. Only the plant in Chinese Dongguan is further afield.

In the financial year 2011/2012, the goods transport of the company amounted to 575.6 million tonne-kilometres. This includes distribution within Germany and deliveries to Miele subsidiaries or directly to international customers.

During the reference period, traffic rose by 0.6 per cent. However, preference was given to the more environmentally friendly sea and rail transport, the use of which was augmented by 2 per cent to a total of 84.2 per cent, while the proportion of air freight was kept at mere 0.6 per cent. The targets of 80 per cent sea and rail transport and less than 1.5 per cent of air freight were therefore clearly surpassed.

### The first carbon footprint for transport logistics

Together with the Öko-Institut, Miele has developed a program for calculating the energy consumption and greenhouse gas emissions of Miele's transport logistics in accordance with CEN standard EN 16258. With the software, the company can calculate the environmental impact of each transport type, compare transport alternatives and optimise them.

The company's carbon footprint is calculated in order to reduce its consumption and emissions. Starting with this sustainability report, Miele has decided to intensify these efforts by including global deliveries of finished products and replacement parts to subsidiaries and direct customers as well as detailed distribution within Germany.

In the financial year 2011/2012, the movements described caused emissions of 33,636 tons CO<sub>2</sub>. Despite an increase in goods transported, CO<sub>2</sub> emissions were reduced by approx. 1.3 per cent on 2009/2010. The reasons for this is the increased use of sea transport to overseas destinations and of rail in combined transport to southern Europe, as well as the modal shift to rail in Scandinavia.

### A steady increase in efficiency

There is a clear growth trend in the overseas markets of North America and particularly Asia. The challenge Miele faces is to ensure that all shipments are as efficient as possible and that the transport- and traffic-related environmental impact is kept to a minimum, despite a significant increase in goods transport. The most important steps are:

1. Transport bundling: Central warehouse concept at the main plant in Gütersloh, at the centre of Europe and the core markets.
2. Efficient utilisation of freight space: Exactly planned logistic movements with optimum utilisation of every vehicle.
3. Regional freight forwarding network: Pooling of suppliers and avoiding empty runs.
4. Low-emission means of transport: Reducing CO<sub>2</sub> emissions (▶ Read more about points 1–3 online.)

### Low-emission means of transport

For the sake of the environment, all new cars and commercial vehicles purchased for the Miele fleet are required to have the best possible emissions classification. Miele has set itself clear targets in this area: By mid 2016, the average CO<sub>2</sub> emissions for all company passenger cars is to be reduced to 130 g/km and by mid 2018 the average CO<sub>2</sub> emissions for all light commercial vehicles

# Over 80%

of outbound shipping volume is carried out by sea or rail

(LCV) is to be reduced to 175 g/km. These figures correspond to the EU limit values for new vehicles. The figure for passenger cars has already dropped from 154 g/km in 2009/2010 to 138 g/km in 2011/2012 and light commercial vehicles have had their emissions reduced from 229 g/km to 214 g/km.

The cars included in Miele's fleet are company passenger cars and customer service vans, as well as trucks in Germany and in the international production locations.

In the financial year 2011/2012, the CO<sub>2</sub> emissions from the fleet amounted to 6,784 tons in total, which corresponds to a 5 per cent decrease on the financial year 2009/2010 and is due to the transition to more fuel-efficient vehicles.

Alternative propulsion concepts (electricity, gas) are not yet viable for the demanding distribution and customer service operations, but are continually watched and evaluated.

The subsidiaries are also actively involved in environmental protection in the area of transport and logistics. For example, the subsidiaries in Portugal, Belgium, Great Britain, USA, France and Finland continue to increase the proportion of low-emission vehicles in the fleet. (▶ Read more about the selection of transport service providers online.)

### Workforce mobility

Commuting and business trips is another area where Miele is working to reduce the environmental impact. For instance, employees are encouraged to do their part in reducing pollution by using rail connections on longer business trips, and by forgoing air travel unless it is strictly necessary due to time constraints. (▶ Read more about workforce mobility online.)

### Outlook and objectives

Distribution logistics will be optimised further. At least 80 per cent of outbound transports will use sea or rail forwarders. No more than 1.5 per cent of transports will be carried out by air.

The goal for the financial year 2012/2013 is to include more suppliers in the regional freight forwarding network in order to satisfy the plants' need for just-in-time deliveries and at the same time optimise the shipping system.

All new cars and commercial vehicles purchased for the Miele fleet are required to have the best possible emissions classification.

The second quarter of 2013 will see the start of a research initiative by the Federal Ministry of Economics and Technology on sustainable logistics networks for goods transport, in which Miele is participating. The aim is to further optimise supply processes, especially focusing on the efficient and standardised handling of logistic disruptions in the network, making transport runs more economical and reducing CO<sub>2</sub> emissions. The findings will be applicable to a wide range of German and European logistics networks.



▶ Selection of transport service providers

▶ Workforce mobility



- ▶ Transport bundling
- ▶ Efficient utilisation of freight space
- ▶ Regional freight forwarding network



▶ Transport and logistics, p. 22



Distribution centre in Gütersloh



Personnel in the Bielefeld plant – production of cleaning appliances for the Professional segment

# 5 Miele and its employees

Thanks to Miele's committed and passionate employees, who embody the motto "Forever better" in their daily work, Miele has been able to promote its philosophy of quality consistently and with sustained success for 114 years now. In turn, the company offers its employees a multifaceted working environment, great job security and attractive benefits and opportunities. Many appreciate the traditional values of the family-owned company and take pride in manufacturing durable quality products.

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## Human resources management

Having qualified and motivated employees is a primary concern to Miele, because they provide the impetus which drives the company forward. Miele offers its workforce a working environment guided by high appreciation of employees and high social standards. The company is therefore an attractive employer.

The overriding goal of human resources management is to ensure that employees possess the skills required to pursue Miele's corporate strategy. The company's ambition to be the innovation leader in the industry is an additional challenge. Demographic change in the industrialised nations intensifies the competition for highly skilled, creative and enthusiastic individuals. The globalisation of the company also increases the need for employees with specific relevant knowledge. On the whole, demands are changing faster than ever and international integration increases the degree of complexity.

Miele is handling these diverse challenges with strategic human resources planning. New talent is attracted to and retained by the company as early as possible. The company offers a whole range of entry-level opportunities, intensive integration of new employees and individual advancement. The options for obtaining further qualifications on the job are many and the family-owned company offers a comprehensive benefits scheme.

Ever since the company was founded, Miele has set high social and ethical standards in dealing with its employees. These standards are an important part of the corporate culture and a core component of Miele's corporate philosophy. Compliance is subject to regular external audits through certification according to the social standard SA8000. ( ▶ Read more about high social and ethical standards online)

Responsibility for human resources in the executive board lies with the Managing Director of Finance and Central Administration. The head of the central HR department reports directly to him. The central HR department in Gütersloh is involved in activities to do with recruiting, educating, training and managing the employees across the company. These tasks are performed in

consultation with the department managers, the HR managers in the plants, the managers of the sales and service centres, the managers of the sales subsidiaries and the works council. Personnel planning and recruitment of employees and managers for the plants and subsidiaries are carried out by the respective HR departments. The managers of the international sales subsidiaries are hired directly by the central HR department.

At the end of the financial year 2011/2012, Miele had 16,716 employees around the world; 62 per cent of them in Germany. No relocation of jobs from Germany to other countries has taken place to cut costs and there have been no lay-offs for operational reasons in the reporting period. A major part of the dryer production was moved from the main plant in Gütersloh to the Czech plant in Uničov at the end of 2012. In return, the washing machines which were previously produced in Uničov are now being manufactured in Gütersloh. The aim of this move was to reduce complexity and promote a focus on one product in each plant to boost competence, rather than to relocate jobs. A collective bargaining agreement was signed to safeguard jobs in the main plant in Gütersloh.

In Dongguan, China, buildings for parts of the workforce to live and sleep in, as well as a factory canteen and sports facilities, were built. The company considered it necessary to create a suitable environment for its employees. As they are often far from home, they tend to stay on site for weeks and even months.

### Employee participation

Miele prides itself on flat hierarchies and short lines of communication, which can, for instance, be seen in the design of offices. In any Miele building around the world, the top half of the office partitions in administration, production and technology departments are glazed, with few exceptions. This also applies to the offices of plant and subsidiary managers, and even those of the managing directors. Employee participation is an essential element in Miele's corporate culture and even the members of the executive board are directly accessible and approachable to all employees.



▶ Human resources management, p. 24



▶ High social and ethical standards





▶ Company suggestion scheme

▶ Employee participation



▶ Human resources management, p. 25

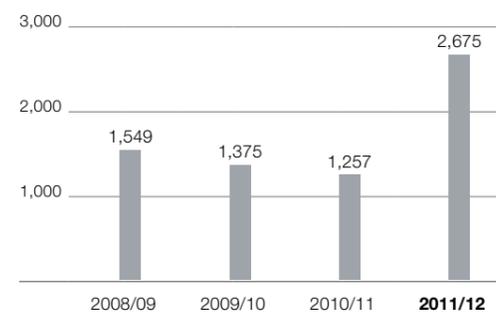
Employee participation is a top priority at Miele, even if it is not a legal requirement in all the countries where Miele operates. For example, since 2009, workforce representatives at the Chinese plant in Dongguan sit down with the HR department on a monthly basis to discuss suggestions and potential areas of conflict.

The company suggestion scheme, in place since 1951, significantly contributes to involving employees in the company. In the financial year 2011/2012, 2,174 suggestions for reducing costs and improving products and processes were submitted in the German plants. Usually, most suggestions relate to production and manufacturing. 33 per cent of the suggestions for improvement concerned these areas. However, topics relevant to sustainability are also popular: 7.6 per cent of the ideas dealt directly with the environment, energy or resources. 9.8 per cent and 2.3 per cent of the suggestions concerned health and safety and an ergonomic workplace, respectively.

In the financial year 2011/2012 the suggestion scheme contributed to saving € 2.7 million in the German plants. This figure is based on a calculated three-year benefit of the implemented

**Total savings through realised employee ideas**

in 1,000 euros



Resourceful and committed employees help reduce costs: Based on the suggestions realised in the last three years, the employee suggestion scheme/idea management at Miele contributed to saving € 2.7 million in the financial year 2011/2012.

suggestions for improvement from the financial years 2009/2010 through 2011/2012.

Many subsidiaries, like Norway and Portugal, also have idea management systems. In Greece, ideas for environmental protection are especially promoted. (▶ Read more about the company suggestion scheme and employee participation online)

**High employee satisfaction**

A traditionally very low employee turnover rate is indicative of the high employee satisfaction at Miele. In 2011/2012, it was as low as 1 per cent (and in the year prior to that, 0.8 per cent). Many employees spend their entire working life at Miele: in 2011/2012, 407 persons celebrated 25, 40 or even 50 years with the company.

Any employee may submit a complaint to the complaints office through a procedure agreed upon with the works council in accordance with the General Act on Equal Treatment. In the financial year 2011/2012, three cases were processed.

In October 2012, an employee engagement survey was conducted at 23 sales and distribution locations around the world (among others, in Germany, France, Mexico, China and South Africa). Answers to questions about general employee satisfaction, respect and appreciation, development opportunities, remuneration and social benefits, tolerance, organisation of work and processes provided Miele with valuable feedback. Based on the results of the survey, measures were taken for improvement. In order to ensure the effectiveness of these measures, follow-up surveys will be conducted in 2014 and 2016.

**Fair pay**

Appropriate remuneration of employees, based on collective and company agreements, is a matter of course at Miele. So is offering comprehensive benefits regardless of the economic situation. This basic stance was introduced by the founders and has remained with the company ever since. Miele wants to be an attractive employer even – and particularly – in tough economic times.



The Miele team at IFA 2012 in Berlin

At the Dongguan site in China, Miele commissioned a study of the minimum wage and local wage levels. The result was an increase of employees' salaries to the corresponding "living wage" which, unlike the minimum wage, covers the cost of living. Remuneration at the plant in the Czech Republic is also based on the local cost of living. In Romania, remuneration considers national requirements and the payment of further company benefits.

Pay-related incentive systems exist for field sales employees and the marketing activities of customer service technicians. In these cases, Miele rewards individual performance with an additional bonus.

In recognition of employees' services and support, the management decided to pay out a special bonus to the workforce in 2010. At the end of the year, all Miele employees in Germany received an additional 6 per cent on their gross monthly salary, on top of the 20 per cent Christmas bonus, which is above the average pay scale.

In the financial year 2011/2012, the proportion of agency workers in Germany, just under 3.5 per cent, remained below the maximum value of 4.5 per cent set out in the company agreement. A general works agreement signed in 2007 stipulates that Miele will only work with temping agencies who have concluded a collective wage agreement.

**Outlook and objectives**

Certification of the Dongguan plant in China according to SA8000 is expected to be completed by the end of the calendar year 2015.

Follow-up surveys to the employee engagement survey conducted in October 2012 are planned for 2014 and 2016.

The already high standards in the provision of occupational pensions will be maintained.



▶ Comprehensive fringe benefits

## Training and education

Miele offers many fields of work, whether in design engineering or customer service, assembling printed circuit boards or managing projects; they are all diverse and interesting. All areas of the company require skilled professionals – experienced specialists, but also talented young people. Such talent and aptitude must be discovered, tapped and cultivated.

Miele strives to position itself as an attractive employer with young people. The company therefore supports different initiatives, such as projects to attract women to scientific and technical careers (so-called MINT initiatives). Also, many initiatives aim to highlight Miele as an employer and the diverse opportunities that the company offers motivated and committed employees to prospective candidates before they start an apprenticeship or a university degree. One example is "Girls' Day" for schoolgirls. Miele also cooperates with colleges and universities. (► Read more about the youth development programme online.)

In view of demographic change, creating new training systems and working environments suitable for an aging population is increasingly important. It is a topic that Miele is actively studying. In 2013, a system for demographic management will be created with the aim of retaining and broadening specialist knowledge. It will specifically look at the ability to work until an older age and therefore also aspects of training different age groups.

### Many opportunities for career entry

#### ► Apprenticeship

Miele offers apprentices systematic and diverse basic vocational training in 35 different occupations and dual training schemes. The fact that Miele apprentices are regularly awarded top marks in the final exam by the Chambers of Industry and Commerce demonstrates the quality of the training provided. In the financial years 2010/2011 and 2011/2012, a total of 26 apprenticeships were awarded top marks in the final exam at the Chamber of Industry and Commerce. Two apprentices from Miele, who had trained as

electrical systems fitters, even obtained the best marks in the land (federal state) in November 2011.

In the financial year 2011/2012, the proportion of apprentices of the entire German workforce was 4.8 per cent (in 2010/2011, the figure was 4.9 per cent). The proportion of women training in technical occupations in Germany rose to 12.1 per cent (2010/2011: 11.1 per cent). In light of Miele's international presence, young employees' placements abroad have been increased in length and frequency. All apprentices who completed their training in the financial year 2011/2012 were offered to stay on as employees. On 1 September 2012, a total of 496 apprentices worked at Miele.

#### ► Dual training schemes

In 1995 Miele supported both commercial and technical dual training schemes, which combine work-based and school-based learning and often include a vocational qualification in addition to the degree diploma. Since 1995, there have been 143 apprentices in these schemes, who have created an optimum platform from which to launch their successful career.

#### ► Entry-level opportunities for graduates

Young and talented engineers are desperately needed, both generally and at Miele, where graduates from mechanical and electrical engineering are particularly sought-after.

Besides direct entry after university and a bachelor programme, there are four special entry programmes: the Master@Miele programme (for on-the-job preparation of a master's degree), a specialist trainee programme for sales, the tried and tested graduate entry programme and the position of "Technical Assistant to the Plant Manager". (► Read more about entry-level opportunities for graduates online).

### Personnel development and further training

Targeted personnel development is a top priority at Miele. It always takes place with the awareness that the employees are the ones who make the success of the company possible in the first place. Miele offers its employees personnel devel-



Apprentices in the Euskirchen plant

opment and further training that is broad in scope but employed in a targeted manner. The objective is to ensure the performance and employability of a workforce that is on average getting older, at least in Europe. Taking individual skills and the diversity of the workforce into consideration, development and training at Miele will increasingly focus on aspects of international collaboration.

The personnel development strategy at Miele prioritises the following:

- Systematic qualification and advancement of skilled personnel and managers from its own ranks
- Continuous expansion of international talent management
- Targeted personnel development initiatives for specific target groups

In the financial year 2010/2011, Miele invested just under € 16.4 million in personnel development and further training. Each employee received on average 8.4 hours of training.

#### Systematic qualification and advancement

Potential further training and development are discussed in annual appraisal interviews. (► Read more about personnel development initiatives for specific target groups online).

#### ► A demand-oriented approach to internal and external development

The aim of demand-oriented development is to offer in-house training with content specific to Miele to the extent that it is economically viable and sustainable. In the financial year 2010/2011,

74 per cent of training took place in the company. In addition, employees may attend external training in their special fields.

#### ► Supply-oriented open education

The open education programme is another important pillar of further training, which has existed for 40 years. Unlike the internal and external training provided, these courses are offered in the employees' free time and are financed by Miele. Subjects range from IT to foreign languages and driver safety training.

Individual professional further training, through recognised further training programmes and degree courses, is also funded by Miele. 48 employees have taken advantage of this opportunity in the financial years 2010/2011 and 2011/2012.



► Personnel development initiatives for specific target groups



► www.mintrelation.de



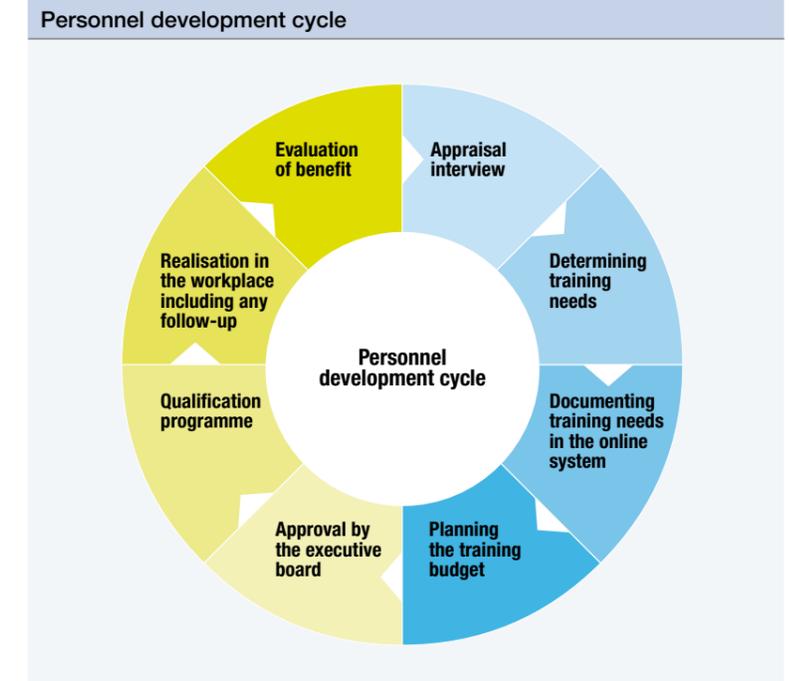
► Youth development

► miele.de/de/jobs/

► Entry-level opportunities for graduates



► Training and education, p. 26



From the appraisal interview to the benefits analysis: Miele personnel development follows a standardised process. To facilitate this, the previously used SAP Event Management software was replaced with a Learning Management System (LMS). The LMS can be used to plan, administer and document personnel development measures and serves as a global information platform and e-learning tool for employees.

### Networking and knowledge transfer across the company group

In summer 2012, the 7th annual international "competitiveness symposium" took place. The main purpose of the symposium is to promote an exchange of information between managers and junior staff. Most participants represent the technical departments at German and international Miele plants. They are invited to Gütersloh to exchange information on "best practice" solutions and innovative concepts and to discuss transferability to other company sites. An important aspect is linking existing technical knowledge and experience of Miele experts.

In 2011, sustainability was the main theme of the symposium. A follow-up evaluation showed that 72 per cent of participants considered this theme "very important" or "important" for all stages of the process chain. (► More statistics on apprenticeships and further training can be found in Facts and figures.)

### Outlook and objectives

The international nature of the company imposes a more international orientation in all talent management processes. In the future, trainees from other countries will be encouraged, so that this group will no longer be predominantly German.

An important target group for personnel development purposes is experienced employees – the average age of Miele employees is 46.1 years. This calls for age-based programmes with a high level of flexibility in terms of further training options. The new system for demographic management will generate targeted initiatives in this area.

The "Microsoft Platform Strategy" project will play a large part in personnel development over the next two years. Approx. 12,000 users around the world will gradually have to familiarise themselves with and start using a novel environment with new software.



SPOTLIGHT ON PERSONNEL DEVELOPMENT

## "Equal opportunities without quotas"

Sabine Kumlehn, born in 1965, began her career at Miele as a trainee in 1990. Since 2000, this office manager is in charge of human resources development and, in this capacity, also of global talent management for the Miele Group.

### Ms Kumlehn, what did you think of the company Miele when you started working in Gütersloh?

*Kumlehn:* I first learned about Miele as an employer when I happened on an article in the university paper, in which a business studies graduate described her traineeship with Miele. When I myself was a trainee, there were three male and three female trainees. I never felt, neither back then nor later, that I belonged to a small minority, although women managers were initially few and far between.

### What is it like today?

Nowadays, you will often find women with a university degree and/or managerial responsibilities even in technical fields at Miele, and their numbers are increasing. Diversity and equal opportunities are vital economical factors in recruitment and promotions at Miele, especially given the skills shortage. A heterogeneous workforce, and not just in terms of gender, enriches a company; it makes it more creative and stronger. This is the general consensus at Miele and an important matter for us. There are dynamic discussions; the numbers speak for themselves.

### And what do the numbers say?

Currently, the proportion of women in managerial positions is between eight and nine per cent. For a German manufacturing company of our calibre, that's not bad, but of course we can do better. We are definitely on the right track.

### Where does this track lead? With solid eight per cent women in management, Miele falls short of the figures discussed in the context of statutory quotas for women.

We can only ensure a permanently greater female presence in executive positions by providing sustainable HR development; starting, for example, with graduate entry programmes. In these programmes, as well as in our special advancement programme for individuals with high potential, the proportion of women is nearly 40 per cent. However, it will naturally take a couple of years for highly qualified graduates to reach the top rungs.

### So we won't see quotas for women at Miele?

No, we prefer an unbiased search for the most suitable candidate for each job, regardless of background, age and gender. If this goal is pursued in earnest, the execu-

tive team will automatically incorporate more women. It is my strong personal conviction, but also the agreed approach at Miele.

### It sounds reasonable in theory, but will it actually work?

We are working on it. We are required by law to ensure equal opportunities and at Miele we are very keen to comply with legislation. The executive board also takes a clear stance in this matter. There may sometimes be a subliminal tendency, motivated by an emotional block, to look for a younger version of yourself to fill positions rather than to form accomplished teams. It is a phenomenon which we are trying to remedy by raising awareness and by taking a proactive approach to training our managers. I have also noticed that fathers of female students develop a very different perspective on this subject. It is an interesting process.

### Starting a family is often emphasized as the greatest obstacle to women's careers. Is this true at Miele?

We encourage our expectant mothers not to give up their career plans prematurely. We want them to feel that we are still counting on them. We keep in touch during their maternity leave and when they are ready to return to work, we offer very flexible individual part-time and flexi-time solutions, potentially with the option of working from home. We also help them find suitable child care and, in some cases, organise care of relatives. Mentoring projects and role models are also crucial and at Miele we have a whole host of them. Of course, dads have to face new challenges too, but right now those are usually less to do with organising your work and more of a societal challenge.

### The HR development management team at Miele is almost all-female. Is this good news for women in the company?

It's good news for women and men.



Sabine Kumlehn, Head of Human Resources Development

## Diversity and equal opportunities

Miele offers equal opportunities and appreciation for all employees and prospective employees, regardless of their nationality, skin colour, gender, religion, sexual orientation or any physical disabilities. This is as much of a moral imperative as it is a legal requirement, but also makes sense economically, since Miele manufactures domestic and commercial appliances for people all over the world. It follows that the company needs an equally international and diverse workforce.

# 2012

## Signing of the Corporate Charter of Diversity for Germany

Diversity in the company and the associated policy of equal opportunities are core values in Miele's corporate culture. By boosting this diversity, the company can maintain its dynamic performance and even reinforce it in view of further internationalisation. The more diverse a workforce of a globally operating company like Miele is, the better its prospects in global competition. The aim is therefore to raise awareness throughout the company about the great potential available in diverse life and work experience, perspectives and values. The commitment to diversity is externalised in certification according to SA8000 and in Miele's signing of the Corporate Charter of Diversity for Germany in 2012.

Here are some relevant figures: In the financial year 2011/2012, 5 per cent of Miele's employees in Germany had a different nationality from German. The proportion of employees with a disability in Germany was also 5 per cent. (► All figures can be found in "Facts and figures".)

### Women in leading positions

In the financial year 2011/2012, the proportion of women of the entire German workforce was 23.2 per cent. The proportion of women in leading positions (executive board, authorised representatives and general agents) amounted to 8.1 per

cent (2010/2011: 8.4 per cent). Increasing the number of women in leading positions is a stated goal of the HR policy. Miele does not believe that implementing a quota for women is beneficial.

To achieve formal equal opportunities, Miele's ambition is to recruit the most suitable candidate for each managerial position, regardless of gender. In contrast, a mandatory quota for women would encourage reverse discrimination and disparaging remarks about "quota women" in relation to successful women.

Miele strives to increase the proportion of women among highly qualified newcomers while ensuring equal treatment. Female employees with potential for advancement are given targeted support and encouragement to set themselves ambitious career goals and to continue pursuing them when returning to work after having a baby.

Other ways of supporting women in their careers: Miele offers family-friendly working conditions, such as flexible part-time schemes with the option of working from home or targeted advice on childcare and care of elderly relatives (elder-care – see below).

The systematic development of female employees for top positions in the company is supported by participation in the Cross-Mentoring Programme, which receives EU funding. In the programme, mentors and mentees from different companies maintain regular contact for at least one year. (► Read more about the Cross-Mentoring Programme online.)

In the reporting period, three complaints were submitted about equality between men and women. They were analysed, assessed and processed in accordance with the general works agreement.

Since remuneration is based on the position, according to the collective framework agreement, there are no differences in pay between men and women.

In spring 2012, a survey of approx. 100 women in management and engineering, as well as young talented women, was conducted with the aim of establishing the need for future specific advancement of women.

# 110 dads

## took parental leave at Miele in Germany in 2011/2012

The survey and the follow-up discussion showed that the existing services and initiatives are regarded very positively. They include mechanisms for spotting and tapping talent as well as schemes to support the work-life balance. 94 per cent of the interviewed women thought that employees feel appreciated at Miele, regardless of their gender. The same number stated that both men and women are treated with respect in the company. Other findings show that there is still scope for further advancement of women. In 2013, a three-year project with the name Diversity: A focus on women will be exploiting this potential.

### Striking a work-life balance

In order to help employees find their work-life balance while managing demand in production, Miele offers flexible working patterns. Different part-time and full-time arrangements are available, as well as flexible shift systems and the option of phased

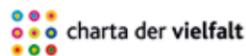
retirement for older employees. These solutions look to the needs of the company and of the individual employee.

The subsidiaries offer similar schemes. In Norway, the "Senior Programme" offers employees aged 55 and above special part-time or teleworking options.

In the reporting period, cooperation with PME-Familienservice was initiated. This company helps employees reconcile work and family life.

Several initiatives have already been implemented and were well received among employees and their families. Eight spaces for children under the age of three were created at a day nursery close to the company premises in Gütersloh. In addition, an emergency childcare service can be called upon in the event of a childminder becoming unavailable or in case of business trips. At the same time, PME helped Miele establish an advice service and agency for childcare and eldercare, which sparked a great deal of interest.

In the financial year 2012/2013, for the first time ever, a one-week holiday programme was offered during the summer holidays in Gütersloh. The response was so great that the number of



► Cross-Mentoring Programme



► Diversity and equal opportunities, pp. 27–28



Holiday activities for children on a farm

## Occupational health and safety

spaces was doubled from the originally allocated twelve to 24. Children aged six to twelve spent a whole week with professional childminders in exciting activities on a farm. Transport to the farm was provided in the Miele bus, so that parents did not have to worry about picking their children up.

In the financial year 2011/2012, the proportion of employees with flexible working hours in Germany was 46 per cent. In the same period, 55 employees opted for phased retirement. This constitutes a drop to 6.7 per cent (2010/2011 figure: 7.5 per cent). In 2011/2012, 229 employees were on parental leave, 110 of them men. In the previous year, 84 dads took parental leave (out of 205 parents in total), however, mostly only for a short period – a few weeks or months.

### Outlook and objectives

Starting in 2012/2013, the advice and agency services for childcare and eldercare will expand to all of Germany. At the same time they will be intensified to cater to the individual needs of the employees in each location. The services will be made available to further plants, as well as the sales centres.

During 2012/2013, employees on parental leave will get access to some parts of the Intranet; for example, information on in-house vacancies, so that they are not completely excluded from the workplace and what goes on there while staying at home with their child.

In the course of the implementation of the Corporate Charter of Diversity for Germany and based on the feedback from the survey among promising female employees in the company, a concept will be developed around "Diversity Management: A focus on women".

**A healthy, productive workforce is fundamental to efficient production and to the success of the company. A sophisticated health management system based on prevention and safe, age-friendly workplaces strengthens employee motivation. Promoting the physical and mental well-being of the employees is therefore a top priority to Miele.**

The areas of occupational health and safety are controlled using the Miele management system, which ensures the continuous process for improvement and regular analysis of accident trends.

### Occupational safety

In the financial year 2011/2012, 21 trained professionals ensured safety in the workplace at the eight German plants. In addition, 193 employees worked as safety officers alongside their main jobs. (► Read more about the organisation of occupational safety online.)

In December 2011, all German sites, as well as the plants in Bürmoos (Austria), Uničov (Czech

Republic) and Braşov (Romania), were certified according to OHSAS 18001. Certification in Dongguan, China, is scheduled for December 2013. Further initiatives during the reporting period included revising the hazard assessment by expanding risk analyses and risk assessment, and coordinating contractors with regard to occupational safety in ongoing projects.

The number of workplace accidents per million working hours dropped from 12.7 (financial year 2009/2010) to 11.1 (financial year 2011/2012). This places Miele far below the industry average (16.5 per cent) reported by professional trade associations in 2010. The number of working days lost due to workplace injuries decreased by 38 per cent from 2,716 (2009/2010) to 1,676 (2011/2012).

### Promoting health

The comprehensive scheme for prevention as a means of promoting health and the range of services included in the company's medical provision continue to exist. In 2011 and 2012, more preventive health measures were implemented; for instance, the voluntary influenza vaccination.

Age-friendly workplace design is an increasingly important topic. 32 per cent of employees in Germany are currently aged 50 or older and the average age of Miele employees is 46.1 years. New challenges thus involve designing ergonomic, age-friendly workplaces to maintain the productivity of the employees. (► Read more about the medical provision online.)

In the financial year 2012/2013, HR management started to develop a broad, proactive – i.e. focusing on prevention – corporate health management system. This encompasses a whole host of initiatives dealing with workplace design and management culture, as well as preventive health care, rehabilitation and return to work after long illness. This programme is linked to clear targets and responsibilities, qualification of managers, regular reporting and internal marketing. The special steering committee established for this



Influenza vaccination in the Gütersloh plant



► Organisation of occupational safety



► Occupational safety, pp. 28–29



Ergonomic lifting aid in the Bielefeld plant



► Prevention as a means of promoting health

► Medical provision

purpose includes the Managing Director Technology and the head of the central HR department. (► Read more about prevention as a means of promoting health online).

### Outlook and objectives

Miele's primary goal in the area of occupational health and safety is to ensure the greatest possible occupational safety, so as to further reduce the number of workplace accidents and working days lost due to workplace injuries. By the end of the financial year 2013/2014, the injury incidence (excluding injuries caused by road accidents) is to be reduced by 10 per cent on 2011/2012. As part of this effort, certification according to OHSAS 18001 will be carried out across the company in a matrix certification procedure. Moreover, health promotion will be further improved and age-friendly workplace design optimised. For this purpose, the company health management system will be expanded by mid 2014.



Gütersloh Boys' Choir

## 6 Social Responsibility

Education and culture – these are cornerstones of Miele's social commitment and of the foundation with the same name. Both focus on young people in the communities around the company sites. To Miele, a sustainable commitment means that selected projects are given long-term support instead of just start-up funding.

Corporate Citizenship 55

### Corporate Citizenship

The company's involvement is a solid commitment to the region. Miele takes its social responsibility for people in the communities where it operates very seriously and sees itself as a reliable community partner. Donations and sponsorship therefore mostly benefit public institutions and non-profit organisations.

#### Strategic focus

The sustainability strategy developed in the financial year 2011/2012 clearly stated the mission for community involvement: promoting an intact and attractive community at each of the company locations.

The primary focus is on young people and their educational and life opportunities. They are the generation of the future, and maybe tomorrow's employees. The second important area to which Miele contributes is that of art and culture for people of all ages. By getting involved in this way, Miele wishes to increase the appeal of the local communities around the company sites and give something back to the people in the region. The third area comprises case-by-case decisions to promote health, sport, integration and disaster relief. Generally, this assistance targets youth and people in need.

#### Achievements

The charitable Miele Foundation, which was established in 1974 with a capital of 1 million German marks, promotes public welfare in the city of Gütersloh. The current focus is on supporting children and culture through various projects which preferably involve both. For example, the foundation regularly sponsors the Gütersloh Boys' Choir and in 2010 it contributed towards a musical production by the Gütersloh district music school. The prestigious Westphalian Philharmonic Chamber Orchestra receives continuous support. Since 1976, the Miele Foundation finances the Gütersloh Ferienspiele (holiday games), where children aged 5 to 17 can play and have fun with care and supervision. The programme is intended mainly for children who do not go away on holiday during Easter and especially the long

summer vacations. Since 2006, the foundation funds the advancement of gifted children in a local nursery school. The "Integration through sport" programme described in the 2011 sustainability report was successfully realised in 2011.

The company Miele itself has a long tradition of supporting regional philanthropic institutions with donations at Christmas. This makes up a large part of total donations, which is divided between sport, culture and charity. Children and youth are often a priority; for instance, nursery schools in Gütersloh receive an annual donation.

The company also prioritises education. With the need for finding new talent in mind, Miele invests a large sum towards grants in engineering disciplines as part of the Deutschlandstipendium – a grant initiated by the German Federal Ministry of Education and Research. Receiving institutions include the Studienfond Ostwestfalen which is supported since 2007, and RWTH Aachen University (since 2009). Technische Universität Darmstadt was added in 2011. In total, Miele currently supports 25 students. In order to qualify for the grants, the three women and 22 men had to demonstrate extraordinary achievements and talent, but also a community involvement of their own.

In the financial year 2011/2012, the company spent € 207,000 in the areas mentioned above. The Miele Foundation has spent around € 100,000 in the calendar year 2012 (the figure for 2011: € 132,000). (► For an overview of donations to charity in the last years, see Facts and figures.)



► Society, p. 30

#### Community involvement around the world

The activities of the international Miele subsidiaries vary greatly, since they choose how to become involved independently. However, as in the German parent company, the concepts are often linked to local projects or charities. In the USA, Miele lends financial support to various charitable organisations working with youth, senior citizens, the infirm and needy.

In 2010, Miele Australia approved a donation policy according to which charitable organisations will receive support. In addition, in 2011,



Photo: Neue Westfälische, Gütersloh

Holiday soccer practice in 1976: During the newly introduced holiday games, Gütersloher youth learned the basics of soccer. Eight well-known local coaches taught them at different football grounds. Back then, even the local paper took an interest.

the employees started a fundraising committee. In 2011/2012, through different campaigns in the subsidiaries, Australia and New Zealand together managed to raise more than € 9,400; money which was donated to various renowned charities.

The Japanese subsidiary has decided to promote culture and sport. The Spanish subsidiary preferred to prioritise environmental protection.

Two projects were realised together with WWF: one reforestation programme in northern Spain and one breeding programme for brown bears.

In the Netherlands, the company opted for a different approach to donating: in addition to larger projects and collaborations, € 1,500 was put at the employees' disposal for each one of ten initiatives of their choice. The only condition was that the projects must support education, health/nutrition or sport.

### Outlook and objectives

In the financial year 2012/2013, Miele will devise and communicate company-wide guidelines on donations and sponsorships, which will be binding for all plants and subsidiaries.

As of 2012, any donations made in the Group will be documented by the central administration. All activities and projects in relation to community involvement will also be documented and evaluated as of 2012.

The financial year 2012/2013 will see the continuation of existing projects. No major new projects have been approved or planned. Miele will continue to pursue the existing policy of a sustained involvement in public welfare in the communities around the company sites. Support for grants will continue in the next financial year.



## Statement GRI Application Level Check

GRI hereby states that **Miele & Cie. KG** has presented its report "A Matter of Generations, Sustainability Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 14 February 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a large, faint watermark of the GRI globe logo.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 12 February 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

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The 2013 sustainability report and the accompanying  
Facts & Figures are also available in German.

