

## **[Bosch Group in China] 2007 CSR Report**

March, 2008

### **Part 1: Overview**

The Bosch Group is a leading global supplier of automotive and industrial technology and of consumer goods and building technology. Bosch founded its first trading office in China as early as 1909. Today, all of the Bosch business sectors are present in China: automotive and industrial technology, consumer goods and building Technology. Some 17,000 Bosch employees are committed to bringing to the Chinese customers the latest technology as well as the most reliable services to help improve their quality of life.

*“I would rather lose money than trust.” — Robert Bosch (company founder)*

Throughout the history of our company, which now stretches back for over 120 years, it has always been important for us to maintain a balance between business success and social and ecological concerns. This challenge of responsible corporate governance is one that we shall also rise to in the future.

Our slogan “Invented for life” conveys the ambitious standards we have set for ourselves. Behind these words lie values that Bosch has long stood for. Invented for life stands for innovative technology designed and built to last, technology that improves people’s lives. It also embodies intelligent, innovative, and beneficial technology that contributes to the conservation of resources and environment, and that helps people improve the quality of life, both for themselves and others.

In China, Bosch has made substantial efforts in 2007 in the areas of road safety, environmental protection as well as in community and education and talent development.

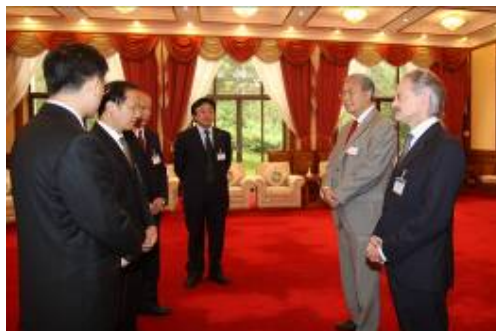
## **Part 2: CSR Achievements in 2007**

### **Road Safety**

As a leading global supplier of automotive technology, Bosch was awarded the "FIA World Prize for Road Safety, the Environment and Mobility" for its great contribution to the worldwide road safety. In China, Bosch constantly contributes to road and driving safety through continuous investment and local partnerships. By 2007, Bosch has invested over 170 million Euros in automotive safety technologies in China. Bosch is committed to providing Chinese customers with latest products and promoting auto safety technologies, such as ESP® (Electronic Stability Program), CAPS (Combined Active and Passive Safety) and Vehicle Dynamics Management (VDM).

With the increased concern on road safety, Bosch is also devoted to helping promote public awareness in this area. On April 22nd, 2007, Bosch and the China Association of Automobile Manufacturers (CAAM) jointly hosted an Auto Safety Symposium in Shanghai.

On June 28<sup>th</sup>, 2007, Bosch also supported the "Developing Safe Mobility in China" – an International Road Safety Forum hosted by the China Development Research Foundation in Beijing. Through these initiative innovative technologies for increased road safety were presented followed by a discussion with government officials and industry experts on automotive safety with the aim of exploring the role of the automotive industry in addressing safety issues in China's growing automobile industry and automotive market.



## Environmental Protection

Since 1973, environmental protection has already been a core obligatory initiative in the Bosch Group. We base our future growth on the creation of technology that is innovative, beneficial, and at the same time environmentally friendly.

As a pioneer in diesel technology, Bosch fully addresses the challenge of air pollution and supports customers with the latest environmentally friendly products and technologies. Bosch developed the modern clean common rail diesel technology for instance providing high performance and improved fuel efficiency up to 30 percent allowing for a 25 percent reduction of CO<sub>2</sub>. In 2007, Bosch localized SCR system (Denox) in China, which can be applied to achieve China IV emissions legislation, can reduce NO<sub>x</sub> emissions by up to 80 percent and reduce particulate emission by up to 40 percent making Diesel engines even more environmentally friendly.

Many appliances, systems, and components from Bosch contribute directly to protecting the environment and conserving resources by reducing the demand for energy, using renewable energies, avoiding energy waste, allowing the use of alternative fuels, and reducing emissions. Our innovative and energy-saving technology has put Bosch House Appliance in the forefront of the white goods sector. Since 1990, Bosch has succeeded in cutting the average energy consumption of its home appliances by more than 40 percent. Reductions in energy consumption between 60 and 80 percent have been achieved for refrigerators. New washing machines offer a reduction in water consumption of up to 67 percent, using just seven liters of water per Kilogram of laundry.



To ensure that the Bosch Group's Corporate Health Safety and Environmental (HSE) standards and local legislation requirements are met, a network of 54 HSE Bosch associates is working together throughout China to conduct HSE training, audit Bosch sites and continually improve HSE implementation and performance. All major manufacturing sites in China have implemented the

Environmental Management System based on the ISO 14001 and Bosch internal standard.

The plant of Bosch Automotive Diesel Systems in Wuxi implemented air pollution prevention as well as water recycling, which saves approximately 10 percent plant water every year. As a result of the great efforts made on HSE, in January 2007, the plant of Bosch Automotive Diesel Systems was awarded the prize of "Safety Operation Advanced Unit" by Wuxi New District Government.

In February 2007, Bosch Rexroth (Changzhou) Co. Ltd, was awarded "Green Company 2006" by Wujin Environmental Protection Committee.



*“Even the smallest local steps to help protect the environment and the earth’s resources can have a global effect in their totality.” — Franz Fehrenbach, (Chairman of the Bosch Board of Management)*

Bosch believes that environment protection is a long-term mission, which needs everyone’s full support and real participation. In order to raise the awareness on environmental protection among all associates in China, Bosch launched environmental awareness campaigns - Waste Battery Collection and Paper Cup Replacement.

Our suppliers know that we make high requirements of business relationships. This applies above all to the reliability and quality of the products we purchase. We have also prioritized eco-friendly solutions in our purchasing guidelines. Whenever it is possible and economically viable, our associates in the purchasing department are instructed to choose alternatives that conserve resources. Suppliers who fail to comply with the basic labor standards of the International Labor Organization (ILO) are excluded from selection. These principles are now an integral element of any new master agreement we

conclude. As of early 2006, Bosch began conducting HSE audits on suppliers in China as part of the global policy.

## Community

Robert Bosch gave the company its name and created values that still apply today. For him, success did not just mean economic growth and good earnings; it also encompassed an improvement in society. His principles have accompanied and guided us to this day. This runs also true for China.

Bosch has supported children cultural development in China for consecutive two years. In July 2007, Bosch (China) Investment Ltd. donated RMB 30,000 to the Committee of Shanghai International Children Cultural & Arts Festival.



In November 2007, Bosch Power Tools (China) Co., Ltd. donated Bosch Power Tools and accessories valued at RMB 10,000 to the Shanghai Charity Fund.

To support the “Project Integration”, PA-ATMO (Assembly Systems and Special Machinery) Suzhou organized a Lucky Draw Day on April 4th 2007. With the fundraising from employees, more children of migrant workers will have the chance to reach a reasonable standard of learning.

On June 8th, 2007, Bosch Automotive Products (Suzhou) Co. Ltd. held the annual blood donation activity with the participation of a total of 180 people, including the General Manager and foreign colleagues. The company was awarded the “Outstanding Company for Blood Donation 2007”.



In December 2007, Bosch (Zhuhai) Security Systems donated 50,000 RMB to Sanzao High School in Zhuhai at the celebration of the school’s 50th anniversary. The company received the honor of “Outstanding Supporter of Education” for its sustained contribution to local community.

Bosch fulfills its social responsibility on all possible occasions. At the 2007 annual dinner, in collaboration with the China Children and Teenagers Fund, Bosch (China) Investment Ltd. organized a donation for the students in Henan Aids Village to improve their studying conditions.

In both winter and summer of 2007, the secretary team of Bosch Automotive Diesel Systems Co. Ltd. organized the annual social event. Volunteers implemented donations and had a New Year party with the orphans and disabled children of Wuxi Welfare Centre.



Seeing employees as the most valued assets to the company, Bosch endeavors to create a harmonious working environment and cares for every associate in China. In 2007, Bosch (China) Investment Ltd. donated RMB 44,082 for a sick employee as financial support, together with RMB 22,041 from Bosch (China) Investment Ltd. and Bosch Trading (Shanghai) Co., Ltd. employees.

## Education and Talent Development

Bosch knows that we can only achieve the success with the best talented people. In China, Bosch has launched the nationwide campus recruitment and special education programs, such as Internship, Master’s Thesis, Direct Entry at Bosch and the Bosch Graduate Management Trainee Program (GMTP).

Bosch has also established a close cooperation with many prestigious universities to give young people in China world-class expertise helping to realize their dreams. Bosch (China) Investment Ltd. donated RMB 2,620,000 to Tongji University in 2007 at its centennial ceremony.

Bosch Power Tools (China) Co., Ltd. has sponsored the scholarship fund at Zhejiang University since 2006 – 10 awards to excellent students every year with RMB 3,000 each. Bosch (China) Investment Ltd. sponsored a full MBA scholarship at CEIBS. In December 2007, Bosch Rexroth introduced its global “Knowledge Partner” Program into China and signed cooperation agreements with four education institutes.



## **Part 3: Outlook**

*“We are not only business success; we focus on innovative technology for the benefit of society and to improve the quality of life. — Peter Pang  
(President of Bosch China Investment Ltd.)*

Bosch not only pursues sustainable business success, but also shoulders social responsibilities, wherever we do businesses. With increasing investment in China, Bosch expects to be even more involved in China's economic development and play an even more active role in social responsibility in 2008.

Guided by the Bosch Values and the 3S-principle of 'safe', 'clean' and 'economical', Bosch will be continuously dedicated to improve energy saving, environmental and better quality of life in various way.

Bosch always seeks an harmonious way to improve the quality of life. In 2008 we firmly believe that we can contribute toward a greener and cleaner environment through our commitment and continuous efforts.