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**The regenerative power of crisis – now more than  
ever is the time for corporate social responsibility!**

Presentation by Franz Fehrenbach,  
chairman of the Bosch board of management,  
at the sustainability congress  
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Check against delivery.

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## **1. Introduction – the value of trust**

Ladies and Gentlemen,

A 90-year-old pearl of wisdom - “I would rather lose money than trust” - is currently at the center of attention. This somewhat surprising statement from our company founder, Robert Bosch, is meeting with a more positive response in these difficult times than it has for some time now. In any event, it is appearing with increasing regularity in the editorials of influential newspapers. Quite clearly, it is the acute financial and economic crisis that has brought these thought-provoking words of our founder once again to the front of our minds. Even a commentary in the Swiss newspaper *Zürcher Tagesanzeiger* about “Barack Obama, the man who can create trust,” includes this now almost obligatory quotation by Robert Bosch. What does this tell us?

Perhaps I should rephrase my question a little more precisely. What exactly has been lost in recent months? A great deal of money at many companies, to be sure. But more importantly, trust has been lost - trust not only in individual companies, but also in our entire economic system and its leading representatives. This is the “wounded spirit of capitalism,” as Germany’s financial newspaper *Handelsblatt* put it recently in a noteworthy article. Good credit ratings, quality promises, supply commitments - all these are worthless without trust. The excessive money-making and risk-taking that preceded the current turbulence in the global economy was more reminiscent of a casino than of business. A great many factors played their part in this scenario, but reliability was hardly one of them. This is how many banks ended up frittering away their credibility - a much more costly asset than money.

We are all having to live with the consequences - for example, the continued financial crisis that is itself the result of a crisis of trust. I personally believe that the starting point for sustainable business practices is to return to the “spirit of capitalism” as advocated, for example, by the German economist and sociologist Max Weber - a sober work ethic, a rational use of capital, and an awareness of the scarcity of resources. A reputable businessman working in this spirit will always calculate fairly and properly, but for this he also needs a calculable environment – which brings us back to trust. Without trust as a value which is commonly accepted and practiced, as Robert Bosch’s famous words stress, the market economy would not work. And if we want to leave our economic system intact for future generations, all companies need to invest in their trustworthiness.

Be that as it may, trust is not simply another commodity that we can manufacture. It needs to grow. We can, however, help it grow - not by paying it lip service, but by undertaking what can be recognized as genuine acts of corporate social responsibility, especially in difficult economic times. The current crisis thus also puts to the test many acts which go by this name, but hardly live up to its claims. I would like to draw on a very concrete example of this, namely the temptation to play economic responsibility off against its ecological counterpart.

German industry in particular - including Bosch - has earnestly taken up the cause of protecting the climate and conserving resources. Now we must not allow ourselves to put these issues onto the back burner just because we are facing severe economic problems - down there at the bottom of the agenda along with all the other items to be set aside for the time being. This would represent a breach of trust, and one of the highest order.

I would therefore appeal to companies to pursue climate protection now more earnestly than ever before. This is the kind of consistency that creates trust.

As recently shown by U.N. Secretary-General Ban Ki-Moon, this is also a question of money. What he said was that the economic and financial crisis was a more pressing concern, but climate change was more significant existentially. The one problem could not be used as an excuse for neglecting the other and, as a matter of fact, environmental and climate protection could help to overcome the current economic crisis. The U.N. Secretary-General presented a series of figures demonstrating the growing importance of the “green economy:”

- Global investment in forms of energy that do not emit greenhouse gases will reach nearly two trillion U.S. dollars by 2020.
- Nearly two million people around the globe are already involved in the new wind and solar power industries, half of these in China alone.
- Environmental technology will account for one sixth of production output in Germany by 2030.

A lot of this may sound far removed from the present day, but in fact energy efficiency long ago ceased to be the sole consideration for the world’s population, including the emerging countries. Emissions standards are now also becoming tougher. At Bosch, we call this ecological globalization, and see it as something that works to our benefit. One third of our sales now comes from products that make a significant contribution to conserving resources and/or protecting the environment. Ecology is not only something we believe in; it is also one of the pillars of our business success.

This brings us back to the quotation of Robert Bosch with which I opened my presentation. However, I would now like to modify it slightly. We lose nothing by demonstrating our responsibility toward society and the environment. On the contrary, it earns us both money and trust. This proposal, which is anything but idealistic, constitutes the central thesis of my presentation.

## **2. Our approach – “undertaking” responsibility**

First, though, I would like to take a closer look at the basic concepts. Corporate responsibility and sustainability are both terms that are somewhat over-used, but what do they really mean?

Responsibility is meaningless without an indication of what it refers to. Responsibility for what? We therefore need to clarify what responsible actions hope to achieve. Corporate responsibility is normally defined in terms of the “triple bottom line” of business, society, and the environment. Corporate responsibility as I understand it involves maintaining these three things in a balance. If we succeed in doing so, we also help bring about living conditions that are fit for current and future generations.

But what is sustainability? I see it more as something that is defined in terms of time rather than content. Acting sustainably means working toward the stability of economic, social, or ecological systems over time. It means not over-reacting, not allocating resources to specific short-term goals, but instead understanding that important developments are things that take time. Acting sustainably also means giving careful consideration to the long-term consequences and repercussions of our own

actions instead of wanting to live at the expense of future generations. Sustainability, then, means preserving for those that come after us the economic, social, and environmental conditions conducive to the quality of life.

But is it really possible for companies to be “good”? There is no way I can ignore this fundamental question that the German newspaper *Die Zeit* recently addressed in a major article. Before I turn to the individual facets of responsibility as it is exercised at Bosch, I would like to take a more in-depth look at this issue in the context of the current debate on corporate social responsibility. As it happens, *Die Zeit* is in illustrious company. For example, Germany’s leading weekly business news magazine *Wirtschaftswoche* describes a “battle to do good” while *Handelsblatt* asks whether CSR is “nice or need to have,” and *The Economist* sees us all as being “in search of a good company.”

Taken as a whole, these commentaries appear to represent two schools of thought. One takes a moralizing approach and demands that companies take on responsibilities of all kinds – for everything from jobs and crèches to planet Earth itself. If companies yielded to all this moral pressure, they would soon be hopelessly overtaxed. In my view, the second school of thought deserves to be taken more seriously. It adopts a more economics-based approach and demands that we concentrate on essentials. According to an American entrepreneur, “The business of business is business.” This concept was narrowed down still further by Milton Friedman, winner of the Nobel Prize for Economics. He believed that the social responsibility of companies was solely to generate profits. This view can be traced back to Adam Smith, the forefather of all market economists. As

a moral philosopher, Smith understood the necessity of inner values, but he also recognized the importance of a healthy self-interest, stating “It is not from the benevolence of the butcher, the farmer, or the baker that we can expect our dinner, but from their regard for their own economic interest.”

As you might have guessed, Bosch’s approach integrates these two schools of thought. We don’t take on responsibility, we undertake it. For us, this is more than just a play on words. We don’t see responsibility as a moral requirement that works against or even takes precedence over our company’s interests. Our perception is more an economic one. If society fails to ensure a constant flow of highly trained professionals, or if the climate and environment are not protected, it will also be difficult for Bosch to achieve strong and meaningful development in the future. In taking on social responsibility, we help safeguard our long-term future. We can only ensure our own stability in a stable environment – so we have no choice but to look beyond the direct interests of the company.

Bosch’s approach even escapes the attack of former U.S. Secretary of Labor Robert Reich on what he calls “supercapitalism”. Reich pours scorn on many companies’ CSR posturing, claiming they are nothing more than a way for big business to appease the public. Die Zeit also recognizes the danger that corporate responsibility can come across as being artificial and skin-deep, claiming that it is only credible if the common good is combined with making a profit. And this is nothing other than the common denominator of money and trust.

In my view, however, more than this is needed to ensure that corporate responsibility is credible. Continuity in the company

history and a tie-in with the product portfolio are also important. Corporate responsibility must fit in with a company's traditions and its innovations. Bosch succeeds on both counts and has never confused trends with progress.

- For one thing, we are still strongly influenced by Robert Bosch himself. The strengths and traditions that originated with this great entrepreneur and benefactor and that have been maintained over the years include his level-headed business acumen, far-sightedness, liberal thinking, and international mindset – and the social responsibility that is now expressed through the Robert Bosch Stiftung. There is no way our corporate culture would have developed as it has without all this – it has grown out of our heritage. Talking about Robert Bosch here in Stuttgart, though, is a bit like bringing sand to the beach. So I will content myself with mentioning just one more thing to give you food for thought. When Robert Bosch voluntarily introduced the eight-hour day before the first world war, his motives were far from altruistic. Firstly, he was keen to introduce a multi-shift system to boost capacity utilization. Secondly, and at a very basic level, he also knew quite well that a motivated workforce makes a productive workforce. And if today we offer more than 100 different part-time and flexible worktime options, it is not just because we are a family-friendly employer. This also makes us a more attractive employer in the eyes of university graduates. So today, just as yesterday, we maintain a balance between economic and social responsibility.
- Our product portfolio is additional evidence of the extent to which we incorporate environmental considerations into this balancing act. In addition to efficient automotive drives, the portfolio includes systems for utilizing renewable energies –

systems that generated sales of some one billion euros in 2008, and that are enjoying strong growth. Here, too, it is important to remember that environmental protection and the conservation of resources are not something that Bosch only recently discovered. Our 3S program to make driving safer, cleaner, and more economical dates back to the first oil crisis in the early 1970's. Since then, it has been the guiding force behind many of our innovations, including diesel and gasoline direct injection, the antilock braking system, and the electronic stability program. In the meantime, we speak of technology "Invented for life." True, this is a slogan, but not one we take lightly. For us, it is a strategic imperative, a guiding principle for all our activities.

What is in evidence here is another distinctive constant – the long-term thinking that is typical of Bosch. It would be all too easy to put this down to our unique corporate constitution. After all, stock corporations also look beyond their quarterly reports. Our long-term approach, in contrast, is in our genes, or has at least been present throughout the company's history. This is how we have built up our strong presence in many different countries and industries over lengthy periods. Nowhere has this far-sightedness been more vital than in research and development. Our engineers have not allowed themselves to be discouraged by setbacks along the way. For example, it took Bosch 15 years of hard work with major setbacks and high startup losses before high-pressure diesel injection technology made its market breakthrough. It was a similar story with ABS and ESP. Our pioneering achievements have never been the result of a sudden innovation drive but are the product of our long-term strategy. And this is also the only way we can ensure the real and lasting success of the electric drive – which will

come later rather than sooner. Quick and apparently easy solutions can cause a sensation – but they seldom ensure sustainability, which is what this congress is all about.

Taking the global view, we see that Bosch combines all the key elements of corporate responsibility and sustainability. It balances the triple bottom line of business, society, and the environment and has a long-term strategy. I can therefore confidently say that Bosch is a company that acts both responsibly and sustainably.

### **3. Our actions – putting responsibility into concrete terms**

However, we cannot content ourselves with this awareness. Self-satisfaction is hardly a reliable compass for management, nor is it ever sustainable. But quite apart from such matters of principle, it is the current economic situation that forbids us to take such a relaxed approach. On the contrary, Bosch has obviously also been hit hard by the consequences of the financial crisis. And although no introduction is needed to our company or our founder here in Stuttgart, I would like to give you a few key figures to illustrate my point.

The Bosch Group's sales and result for 2008 were both below the expected levels, registering a decline which has been particularly sharp since the autumn. Overall, sales fell by roughly 2.5 percent to some 45 billion euros. The downturn in sales was even more pronounced in our largest business sector, Automotive Technology, where they fell by 7 percent. This reflects the collapse of automobile production in the fourth quarter of last year. But even in our Consumer Goods and Building Technology business sector, sales remained static at the previous

year's level. Industrial Technology sales were up 13 percent, but here too orders have dropped sharply over recent months. On balance, and as clearly shown by business developments in the first few months, 2009 is proving to be one of our most difficult years.

What can we do? We clearly need to cut costs, not only to improve our profit situation but also – and above all – to help secure our long-term financial stability. However, we are against indiscriminate cutbacks. We need to achieve a balancing act between the savings required at the present time and the key investments needed for future growth. We need to do this anyway. In concrete terms, this essentially means two things.

- Firstly, we will not be able to maintain our current headcount of some 282,000 associates worldwide at the beginning of 2009. However, we intend to avoid redundancies wherever possible. In Germany, this can be achieved with flexible working time and shorter working weeks. Tools such as these are often not available outside Germany, but we intend to keep on the bulk of our associates in other countries too – provided the situation does not deteriorate further. And we shall continue our long-term efforts to promote young talent – apprentices as well as trainees and postgraduates – at their present levels, exactly as planned.
- Secondly, we will no longer be able to continue increasing our investments in research and development. In 2008, this rose by 8 percent to 3.9 billion euros. Safeguarding our future doesn't just mean coming up with innovations. Financial stability is also crucial. However, we will not allow the scales to swing back the other way. Our commitment to climate protection – this alone – would not allow us to let this

happen. More than 40 percent of our research and development budget is targeted at products that conserve resources and protect the environment. These concerns are also the focal points of our patent registrations. In 2008, we applied for 3,850 patents – more than ever before and more than any other company in Germany. Even when measured in terms of applications to the World Intellectual Property Organization by all the world's companies, we are in fifth place.

These comparative numbers alone underscore that we are by no means in danger of sacrificing our long-term perspective to the rigors of day-to-day operations – not even in these difficult times. Sustainability is an undisputed value at Bosch, but the way our performance is assessed in the relevant studies leaves much to be desired. In external rankings, our company's performance varies all too widely – with upward swings as well as with downward. We naturally keep a close eye on these rankings, to see where we stand and to learn from the discussion. But it would appear that we do not yet have a universally accepted concept of sustainable value. Further exploration of this subject is required, but we are not prepared to just wait for it. Instead, we are supporting the University of Stuttgart's "Argus" project and have taken on a postgraduate student in our corporate department for health, safety, environmental and fire protection. His task is to develop a tool that evaluates investments based on a combination of sustainability criteria and the traditional capital value method. Rather than simply establishing sustainable value in retrospect, we aim to incorporate it into our value added chain at the earliest possible stage.

But we have been reporting systematically on these issues for some time now, and this on a regular basis. Divisions such as Diesel Systems publish their own CSR reports and, at the end of 2008, the Bosch Group published its latest corporate social responsibility report. There is also a dedicated internet website at [csr.bosch.com](http://csr.bosch.com) which explains our financial, social, and environmental data with interactive graphics. I invite you to look into this website for further information, since all I can do here is offer a few examples.

### **3.1. Sustainable actions – for associates and society**

Given that this conference has been organized by the Ministry of the Environment, it is only fitting that I should focus on ecology. Nonetheless, I would also like to touch on some aspects of our responsibility toward associates and society. Some of the relevant facts and figures speak for themselves:

- Since it came into being, the Robert Bosch Stiftung has spent close to 900 million euros on funding charitable projects, in particular in the fields of international relations, medicine, education, and research.
- Primavera, an organization set up by Bosch associates, helps relieve poverty at our locations in Brazil and India.
- We are providing financial aid totaling more than 1.5 million euros to the areas affected by earthquakes in the Sichuan Province of China.

Doing good and simply talking about it, however, would be too easy. There are issues that merit more in-depth exploration. One example is our location policy – a sensitive issue in these times of globalization. We generate almost three quarters of our sales outside Germany – and we put a great deal of effort into

developing our global presence. We are rapidly increasing our value added in the emerging countries. At the same time, however, we safeguard manufacturing locations in industrialized countries wherever possible. In Europe, we are capitalizing on the momentum in the East without abandoning the strengths of our technology clusters in the West. We are therefore planning to build a third research and development center in Baden-Württemberg – in Malsheim – to add to the existing ones in Schwieberdingen and Abstatt. Our aim is to have a good mix of locations in each of the three global regions – Europe, the Americas, and Asia Pacific. This differentiation is in our company's interests just as it is in the interests of society – and this applies equally to the industrialized countries and the emerging countries.

This raises the tricky question of what holds our associates together the world over. It is particularly important in a company that is represented in more than 150 countries to prioritize consensus over control. One example of this consensus is our “Code of Business Conduct,” a guidebook for compliance with applicable laws which now forms part of each and every contract of employment at Bosch. Another – and this especially – is our “House of Orientation,” a brochure which provides our associates with a frame of reference incorporating the Bosch values, our vision, our mission, our core competencies, and our management methods. This brochure provides answers to three essential questions: what drives us, what do we have in common, and what do we stand for. This is not meant to be a self-satisfied account of the status quo. It is also meant to engender critical questions such as the following: What core competencies do we already have in-house? Which further ones do we need, and how can we get them? Seen in these terms,

cultural understanding triggers momentum that is more sustainable than any commands from the top.

A corporate culture of this kind, which is much more than the reflected glory of a golden age, also attracts fresh new talent. University graduates are by no means only interested in our technical and financial performance. Our values are also important to them. Even though this helps us when it comes to personnel marketing and recruitment, we too need to recognize that there is a lack of specialists, and take appropriate action. This is another problematic issue – irrespective of whether it results from demographic change in general or specifically from the reduced take-up of technical and scientific courses of study. Even large companies such as Bosch cannot simply rely on their good reputation. They need to change – and in actual fact they are more flexible than many may think. Here are just three examples.

- First and foremost, we are becoming a more family-friendly company. The many different flexible working models I referred to earlier are an essential condition of the ability to harmonize career and family life. It is also important to us not simply to portray equal opportunities for men and women in vague terms as something that the company takes for granted. We need to affirm them and to enforce them. Although the proportion of women filling executive positions has doubled in the last decade, the figure is still far too low at 7 percent. Fixed quotas are not the answer for us, but a growing proportion of female executives proves that it is not just idle talk when we say we are a family-friendly employer.
- Secondly, we are responding to the ageing of our workforce. This is only one reason why we continue to push our junior executive programs in these difficult times. And we cannot

gear our recruitment figures for occupational training schemes simply to current demand for skilled workers, but instead need to look many years ahead. At the same time, we are keen to help older associates improve their mental and physical fitness, especially when they are faced with complex situations. We are carrying out appropriate pilot studies under the supervision of experts, and take the results on board when designing training programs. Bosch already spends around 225 million euros each year on associate training.

- Thirdly, we are getting children and young people interested in technology. If our society is not to consist solely of users who are content with their cell phones and computer games, we need to encourage constructive enthusiasm from an early age. This is one of the objectives of Germany's "Wissensfabrik" (knowledge factory) initiative, of which Bosch is a founding member. We have entered into 50 educational partnerships under this initiative. In concrete terms, this means: assembling electric motors in elementary schools and making kites in kindergartens. This may sound like fun and games, but in fact it is a long-term strategy to secure the future of our locations.

Finding fresh new talent in the fields of science and technology helps us balance the interests of the economy, society, and ecology. It is a well-known fact that Germany sees itself as a pioneer in climate protection, but it is up to the engineers of the future to meet our ambitious targets for cutting carbon dioxide emissions in the decades ahead. There can be no environmental protection without well-trained specialists. Environmental protection calls for more technology, not less.

### **3.2. Sustainable actions – for climate and the environment**

Our policy and our ambition is to deliver technological answers to ecological questions. When we are faced with tougher emissions standards in both the emerging and the industrialized nations, we refine our drive systems. Climate change affects the entire world, so we are stepping up our efforts to achieve greater energy efficiency and develop more systems for utilizing renewable energies – something that we were already working on given dwindling oil and gas resources. But whatever we ourselves do, we realize that no one company can save the world. Fortunately, there are many like-minded companies that are pulling together in this matter. On the other hand, all companies depend on a clear political framework and – unlike the situation with our schools and education systems – this is primarily required on an international rather than a national level.

It is impossible for me to cover such an extensive subject here, but I would like to mention three major problems.

- Firstly, we have to live with the remaining unknowns of climate change which, according to German sociologist Ulrich Beck, distinguish the global risks of our global society. We should resist irrational temptations – i.e. we should neither exaggerate nor play down the consequences of the greenhouse effect. The inauguration of the new U.S. president raises the hope that Americans and Europeans will come to see things in a similar way, and will thus put behind them the dispute over whose interpretation of climate change is the correct one.
- Secondly, every country in the world must be involved in future climate protection treaties and, if possible, in

emissions trading. This is not simply a matter of shielding European industry from disadvantage. Instead, this is the only way of avoiding what German economist Hans-Werner Sinn has called the “green paradox” – the fact that saving energy leads to a drop in oil and gas prices which in turn results in increased consumption.

- Thirdly, politicians must find ways of moving more quickly, as they sometimes ask industry to do. It’s good news that Germany is now also introducing a CO<sub>2</sub>-based vehicle tax – but why did we have to wait for an economic crisis for this to happen? And how difficult is it in actual fact to reach global compromises? We feel justified in our skepticism, but a word of warning is also required as to the conflicts that will only surface when oil and gas resources actually run out. I don’t wish to be pessimistic, but this is something that could also force us to reach agreements.

All in all, the economy, which as I said at the beginning of my remarks must remain calculable, is beset with incalculables when it comes to dealing with the issue of climate change. And yet it must take action – and can, since sales prospects for anything that saves fossil energy are getting better and better. Climate protection is not something for the markets alone, however. It must start in-house, all the more since we can also achieve direct savings on energy costs here.

To give you only one example, we have set ourselves the ambitious target of cutting by 2020 the carbon dioxide emissions of our worldwide manufacturing operations by at least 20 percent as measured against 2007. This is not simply an empty promise for the future to relieve the immediate pressure on us in the present. Each year, we monitor the

progress of each of our manufacturing locations – and this worldwide. It is clear to us all that this is more than just a German issue. Since September 2008, we have therefore been participating in the Chicago Climate Exchange (CCX) – a North American CO<sub>2</sub>-trading platform. The 360 member companies are aiming to cut their carbon dioxide emissions voluntarily by 6 percent between 2000 and 2010. What's more – and this is even more important – the CCX plans to expand its initiative to China and India.

But whether in Shanghai or in Stuttgart, every small, local initiative has a global effect. My aim here is not to paint a picture of Bosch cutting ton upon ton of CO<sub>2</sub> emissions, but instead to briefly outline a few special projects that can make it clearer what we are achieving.

- Since the end of 2008, our Elchingen site in Bavaria has been obtaining more than 80 percent of its heat from a biomass power plant.
- In Shanghai, half of the heating and cooling power required for our future Chinese headquarters will be provided by 275 geothermal heat sensors located at a depth of 120 meters.
- We have installed solar panels at our Murrhardt plant, the chip factory in Reutlingen, and our new headquarters in Singapore. These initiatives involve lengthy payback periods. The return on investment is expected to take 18 years in Murrhardt – another example of our long-term strategy.

All these projects provide us with experience that can be used in product development. Renewable energies play an increasingly important role in our operations. This has been so pronounced recently that newspapers are now even talking

about the “green Bosch”. I would prefer to let the facts speak for themselves.

- We have expanded our solar collector capacities in our thermotechnology operations. This enabled us to grow twice as fast as the rest of the European market in 2008 and, following acquisitions in Sweden and the U.S., we have risen to become the world market leader for geothermal heat pumps.
- Our subsidiary Bosch Rexroth is the largest independent supplier of gearboxes for the wind-power industry. We are opening new manufacturing facilities for these products in Beijing and Nuremberg. Bosch Rexroth is also involved in ocean-power technology pilot projects off the coasts of Norway and Great Britain.
- Our acquisition of the German solar cell manufacturer ersol in 2008 marked our entry into photovoltaics. Having paid 1.1 billion euros for the company, we will be investing a further 530 million euros in expanding production in the period to 2012. We have joined forces with companies such as BASF to carry out research on organic photovoltaics with a view to producing flexible surface layers for generating electricity that can be applied, for example, to a car’s bodywork.

Although we only expect market-ready products some time after 2015, organic photovoltaics is a particularly good example of the extent to which we are exploring new directions. Anyone looking to secure energy supplies for the future cannot rely on solutions from the past. On the other hand, we must not allow ourselves to be seduced by the appeal of terms such as “alternative” and “renewable.” Traditional technology still has a lot to offer and can bring us quick results in terms of both sales and environmental protection. Take the example of condensing

technology, which can reduce the oil and gas consumption of our heating systems by 30 percent – immediately and inexpensively. Our mission must be to develop alternative and renewable energy technologies over the long term and not neglect traditional technologies in the short term.

Nowhere is the necessity for this two-pronged approach clearer than in our core business – automotive technology. We have joined forces with automakers in a series of projects focusing on hybrid drives, which combine an internal-combustion engine and an electric motor. This is an area in which our research expertise goes back more than three decades. Since 2008, we have also been working with Samsung to develop lithium-ion batteries for cars. This is vital technology for the electric vehicles of the future.

However, there are still too many technical problems that need to be resolved for alternatives to the internal-combustion engine to become widely established in the near future. We must take care not to ignore the facts and damage our image in the process. As I indicated at the start of my presentation, it is actions rather than grandiose declarations that create trust. No matter how hard we work on hydrogen- or battery-powered drives, these concepts will do little to help the automotive industry comply with the regulations on carbon dioxide emissions that will apply to all new cars in Europe from 2012. Even by 2015, when it is predicted that global automobile production will be close to 90 million vehicles, we only expect to see between three and five million hybrid vehicles and a maximum of 500,000 electric cars. What is needed here and now is a further improvement in the efficiency of the internal-combustion engine. We can still cut the consumption of diesel

engines by a further 30 percent and that of gasoline engines by a further 25 percent. The studies presented by our customers at the Geneva Motor Show earlier this month are impressive. They include a VW Polo Blue Motion which is so economical that it emits just 87 grams of CO<sub>2</sub> per kilometer. Even in times of crisis, we see a growing demand for products that make driving more efficient. For example, sales of our automatic start-stop system that cuts fuel consumption by up to 8 percent in urban traffic are expected to double this year. We can thus unlock great potential for sustainable mobility – here and now. We need to invent new products, but also continue developing existing ones.

#### **4. Conclusion – the success of climate protection will also be decided at the sales counter**

But does this mean we have everything under control? This will be my final question – and despite all the positive things that have been said, I cannot answer it completely in the affirmative. That would be presumptuous given the huge challenges we face.

There are still some additional measures we could take at our own company. For one thing, at virtually all our locations we have introduced an environmental protection management system that complies with globally recognized standards. For another, we also expect our 200 preferred suppliers to obtain appropriate certifications. But what about our other suppliers? We can certainly extend our environmental protection efforts to other parts of our supply chain.

However, it is more difficult to convince consumers of the benefits of eco-friendly products. According to one forecast, the market volume for environmental technology in Germany is expected to break the one trillion euro barrier by 2030 – ten times more than in 2005 – but this will not happen automatically. A survey by the Allensbach Institute reveals that, although Germans rate renewable energies extremely highly, only 28 percent are prepared to pay more for them. Rather soberingly, the quintessence boils down to saying yes please to being green but no thank you to higher costs. We need to view this as an incentive for our engineers to make both responses possible. Sustainability also means developing eco-friendly technologies at affordable prices.

But even where such solutions already exist, they are not accepted automatically. One striking example of this lies in the energy consumption of our refrigerators, which has fallen by up to 79 percent since 1990 and that of our stoves, washing machines and dishwashers by up to 40 percent. However, the average domestic appliance in Europe is ten years old. If all the old appliances were replaced with new ones, this would cut carbon dioxide emissions by 22 million tons per year – 6 percent of the reduction in greenhouse gases the EU committed itself to in Kyoto. Be honest now, how old is your stove at home? Or your heating system? Or your car? There are potential savings to be made in all our business sectors, but we can only realize these savings if we convince each individual consumer that it is worth paying more for an appliance that results in lower energy costs. Ultimately, the value of our contribution to the protection of planet Earth is decided at the sales counter.

This distinction by no means contradicts my earlier appeal. Quite the opposite in fact. It is now more vital than ever for companies to step up their commitment to climate protection. And here we find a true common denominator of money and trust. Accordingly, the current acute crisis must not be allowed to function as a pretext for slackening these efforts.

Looking back, we can now see that Bosch developed particularly strongly during the crises of the 20th century. The end of the 1920's marked the first clear diversification of our business, and another significant step forward in internationalization came at the beginning of the 1990's. Our environmental focus, meanwhile, has its origins in the 1970's. Not only are renewable energies of vital importance to us, we also emerge renewed – that is to say rejuvenated – from times of crisis.