

# Corporate Responsibility at Siemens

**Our views, guidelines and measures  
according to the communication on  
progress report 2006 for Global Compact**

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**SIEMENS**

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## Message from the CEO

### Global Compact



Those who shape the future also bear responsibility! Through its technical innovations and as an infrastructure supplier in such fields as transportation, energy, communications, health care and automation, Siemens is one of the companies that will affect the way people live in tomorrow's world. Ever since Siemens was established in 1847, it has been part of our company's culture to welcome this social responsibility and to take effective action to fulfill it.

Siemens can look back on a proud tradition in its relationship with society. On our Corporate Responsibility Web site you'll find many examples and data that provide an overview of the areas and projects in which Siemens is involved. And our company's guiding principle of a responsible approach to the shaping of the future is one which we will continue to apply – worldwide and with clearly defined objectives. This is the mission, and our definition, of Corporate Responsibility at Siemens.

As in technological and business areas, we also need to evolve continuously in the sphere of Corporate Responsibility to meet growing expectations. With its present workforce of 461,000 employees, Siemens is active in about 190 countries, and thus working in nearly all cultures, religious contexts and types of society as well as various political environments. This global diversity is a source of inspiration to us, and a continuous challenge.

At the start of this year, I thus added Corporate Responsibility as a fourth main area to our internal Fit4More action plan, along with Performance and Portfolio, Operational Excellence and People Excellence.

Since November 2003 Siemens has been a member of the Global Compact, the Corporate Social Responsibility Initiative of UN Secretary General Kofi Annan. The purpose of the Global Compact is to achieve better solutions for the world's problems through voluntary cooperation between countries, business and civil society. Through our membership in the Global Compact, we affirm our commitment to supporting this worthy cause, and we shall significantly contribute to it in the future to the full extent of our abilities.

**Dr. Klaus Kleinfeld,  
President and CEO of Siemens**

## Short portrait & principles

**Our understanding of social responsibility is fundamental to our corporate activity. The brief portrait of Siemens provides an overview of the business, Groups and Regions and the Corporate Principles of Siemens. A framework of principles and guidelines is provided to assist our 461,000 employees, located in around 190 countries, and ensures responsible action in the company the world over. The most important guidelines can be found on this page.**

→ [Short portrait of Siemens](#)

## Our understanding of responsibility

“We embrace corporate responsibility - to advance society.” This is one of the five core statements in our Corporate Principles. Throughout its 158-year company history, Siemens has always committed itself to this responsibility. This aspect of our corporate culture was profoundly influenced by our company’s founder, Werner von Siemens, who concerned himself personally with social and sociopolitical issues.

→ [Company history of Siemens](#)

With the often quoted words, “I won’t sell the future for short-term gains!” Werner von Siemens established one of the permanent tenets of this company’s culture: Not to act in the present to the detriment of the future.

Today the following three elements form the basis of our corporate policy, which is designed to ensure long-term success:

- responsible corporate management with a focus on the future,
- effective environmental protection and
- an enduring commitment to society.

The ten principles of the Global Compact in the areas of human rights, labor, the environment, and anti-corruption have thus long been an integral part of Corporate Responsibility at Siemens. With the company's over 85 divisions and far-flung regional organization spanning around 190 countries, and with the dynamics of its global enterprise – in particular the constantly changing business portfolio – it is virtually impossible to provide a comprehensive account of all the Corporate Responsibility activities. We’ll nevertheless give examples to show how the principles of the Global Compact are applied in actual practice at Siemens.

## Overview of our most important guidelines

- Corporate Principles
- Corporate Governance Policy
- Business Practices
- Business Conduct Guidelines
- Code of Ethics for Financial Matters
- Environmental Mission Statement
- Environmental Management
- E-Procurement and Basic Supplier Requirements
- Guiding Principles for Promoting and Managing Diversity
- Guidelines for Occupational Health and Safety

## Human rights and labor relations

Our Corporate Principles reflect the principles of Global Compact with respect to human rights and work relationships. We operate not only in accordance with our Business Conduct Guidelines, which are mandatory worldwide, but also with further sets of principles such as the "Guiding Principles for Promoting and Managing Diversity." In addition, our company is involved in numerous long-established corporate citizenship activities.

### Global Compact principles and our Corporate Principles

#### Global Compact Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights

#### Global Compact Principle 2:

Businesses should make sure that they are not complicit in human rights abuses

#### Global Compact Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

#### Global Compact Principle 4:

Businesses should uphold the elimination of all forms of forced compulsory labor

#### Global Compact Principle 5:

Businesses should uphold the effective abolition of child labor

#### Global Compact Principle 6:

Business should uphold the elimination of discrimination in respect of employment and occupation

## Siemens Corporate Principles



### We embrace corporate RESPONSIBILITY - to advance society

Our ideas, technologies and activities help create a better world. We are committed to universal values, good corporate citizenship and a healthy environment. Integrity guides our conduct toward our employees, business partners and shareholders.



### We empower our PEOPLE - to achieve world-class performance

Our employees are the key to our success. We work together as a global network of knowledge and learning. Our corporate culture is defined by diversity, by open dialogue and mutual respect, and by clear goals and decisive leadership.

→ Siemens Corporate Principles

## Guidelines and practice

These fundamental statements from our company's Principles are the basis of the Siemens Business Conduct Guidelines – the company regulations that apply worldwide and are mandatory for every employee. They are the foundation of the company's claim to conduct all business activities in accordance with high ethical and legal standards. The Business Conduct Guidelines therefore help with the mastering of legal and ethical challenges, both in day-to-day business and in the planning of strategies.

→ Business Conduct Guidelines

Our Business Conduct Guidelines relate not only to the laws and regulations of individual countries but also to significant conventions and recommendations of international organizations:

- the Universal Declaration of Human Rights (UN) of 1948
  - UN Human Rights Declaration
  
- the European Convention for the Protection of Human Rights and Fundamental Freedoms, 1950
  - The European Convention
  
- the Tripartite Declaration on Principles of the ILO
  - ILO Declaration
  
- the OECD Guidelines for Multinational Enterprises
  - OECD Guidelines
  
- Agenda 21
  - Agenda 21

Although these conventions and recommendations are directed mainly at countries, Siemens attaches great importance to abiding by them and expects the same from its suppliers and business partners. You'll find details regarding implementation and control procedures in the information about the Compliance Program under Principle 10.

## Nondiscrimination

Nondiscrimination is a key issue that is clearly addressed in the Business Conduct Guidelines. It's about the way employees work together, but applies equally to conduct towards external partners. In the Siemens Business Conduct Guidelines it is stated as follows:

"We respect the personal dignity, privacy, and personal rights of every individual. We work together with men and women of various nationalities, cultures, religions, and races. We tolerate no discrimination or offence, be it sexual or otherwise personal. (...)"

Wherever Siemens is active, men and women work together who belong to many different nationalities and age groups, and who differ in color, cultural and religious affinities as well as in ethnic and social backgrounds. Employees from over 80 countries work together in Germany alone. In diversely composed teams, their differing views add to the company's wealth of ideas and thereby reinforce its innovative strength.

Since 2001, furthermore, the "Guiding Principles for Promoting and Managing Diversity" have been valid for all Groups and Regions. In this context, projects, programs and initiatives are currently being implemented at Siemens in numerous personnel policy areas.

→ Guiding Principles for Promoting and Managing Diversity

The following are examples of our activities:

→ Siemens AG: Pro Diversity

→ Siemens USA: Diversity / Siemens Supplier Diversity Program

→ Siemens South Africa Diversity Management

→ YOLANTE - Mentoring Program for Young Women in Technical Faculties

## Corporate Citizenship

Our commitment to the goals of the Mission Statement is a time-honored tradition at Siemens that enjoys the active support of its employees. These goals include the following:

- providing vital supplies in emergencies and catastrophes,
- aiding and supporting the needy and disadvantaged in a wide range of circumstances and, above all,
- educating children and adolescents to give them self-confidence and the ability to make their own decisions.



## Our most important projects:



The company's manifold initiatives and activities in the field of education were integrated in the worldwide Siemens Generation21 Program in 2005.

- Generation21 and Corporate Citizenship
- Siemens Generation21 Website



To permanently strengthen the efficiency and effectiveness of support activities by Siemens the company's social giving programs, volunteering by employees, and disaster relief were combined in the Siemens Caring Hands Program.

- Siemens Caring Hands Programm

In keeping with the decentralized structure of Siemens, it's not surprising that in addition to these company-wide programs, there are a multitude of initiatives and activities designed to suit specific local and business requirements. Here are some recent examples:

- Siemens China : Siemens China honored for outstanding corporate citizenship with the "Guangming Corporate Citizenship Award" (September 2005) and Sponsoring of the 1 st Chinese Deaf Children Painting Contest (August 2005)

- Guangming Corporate Citizenship Award

- Siemens China : Donation to the Ministry of Foreign Affairs to help two poverty-stricken counties in Yunnan province (July 2005), and many other charitable initiatives

- Donations

- Siemens USA : Education initiatives of the Siemens Foundation – fostering excellence in math and science – particularly among minority populations and in underrepresented areas

- Siemens Foundation

- Siemens Caring Hands – News of the Siemens UNICEF Partnership

- Siemens UNICEF Partnership

## Sustainability

One of the core messages in Siemens' Environmental Mission Statement is as follows: "We have a responsibility to the wider community and we are committed to environmental protection... For us, sustainable development in environmental protection means careful use of natural resources, which is why we assess possible environmental impacts in the early stages of product and process development. It is our aim to avoid pollution altogether or to reduce it to a minimum, above and beyond statutory requirements." This statement refers to a number of environmental policies and practices both general and product-specific.

### Global Compact Principles and our Corporate Principles

#### Global Compact Principle 7:

Businesses should support a precautionary approach to environmental challenges

#### Global Compact Principle 8:

Businesses should undertake initiatives to promote greater environmental responsibility

#### Global Compact Principle 9:

Businesses should encourage the development and diffusion of environmental friendly technologies

### Siemens Corporate Principles



#### **We embrace corporate RESPONSIBILITY - to advance society**

Our ideas, technologies and activities help create a better world. Our ideas, technologies and activities help create a better world. We are committed to universal values, good corporate citizenship and a healthy environment. (...)



#### **We empower our PEOPLE - to achieve world-class performance**

Our employees are the key to our success. We work together as a global network of knowledge and learning. Our corporate culture is defined by diversity, by open dialogue and mutual respect, and by clear goals and decisive leadership.



### **We push INNOVATION - to shape the future**

Innovation is our lifeblood, around the globe and around the clock. We turn our people's imagination and best practices into successful technologies and products. Creativity and experience keep us at the cutting edge.



### **We strengthen our CUSTOMERS - to keep them competitive**

Our success depends on the success of our customers. We provide our customers with our comprehensive experience and solutions so they can achieve their objectives fast and effectively.

→ Siemens Corporate Principles

## **Active commitment to protecting the environment**

"We have a responsibility to the wider community and we are committed to environmental protection. For us, sustainable development in environmental protection means careful use of natural resources, which is why we assess possible environmental impacts in the early stages of product and process development. It is our aim to avoid pollution altogether or to reduce it to a minimum, above and beyond statutory requirements." The preceding passage is one of the core messages in Siemens' Environmental Mission Statement.

To systematically monitor, analyze and control environmental impact, Siemens has decided to implement an environmental management system based on the ISO 14001 international standard at environmentally relevant locations. This has already been done at 65 percent of these locations, and we are committed to continually increasing this proportion. Individual Siemens Groups have implemented environmental management systems not only at specific locations but also Group-wide. As far back as in 1993, for example, our Transportation Systems Group installed an integrated management system for environmental protection, technical safety and occupational health and safety. And in 2005, the Medical Solutions Group announced the development of an integrated management system slated for rollout in 2006.

Siemens continually strives to take into account and minimize the potential for environmental burdens even during its product and process development. We support this aim through our company-wide standard for environmentally friendly product design, which was established in 1993 and has been subsequently expanded by the individual Siemens Groups. One example here is Siemens Medical Solutions, which has refined this standard for specific application to medical devices, systems and

facilities. The standard is applicable worldwide and all products developed in the future must comply with it.

### **Responsibility for the environment**

"Our knowledge and our solutions are helping to create a better world. We have a responsibility to the wider community and we are committed to environmental protection. We support the dissemination of knowledge needed for sustainable development through the transfer of knowledge in the fields of management and technology, wherever we operate as a company."

### **Environmental Mission Statement**

The Siemens Environmental Mission Statement was adopted in October 1998. It carries the signatures of former Siemens President and CEO Dr. Heinrich v. Pierer and Prof. Edward G. Krubasik, at that time Member of the Siemens Managing Board with responsibility for environmental protection and technical safety.

"Our knowledge and our solutions are helping to create a better world. We have a responsibility to the wider community and we are committed to environmental protection.

In our global operations, featuring a great diversity of processes, products and services, our company is concerned with sustaining the natural resources essential to life. We view the economy, environmental protection and social responsibility as three key factors carrying equal weight in a liberal world market. We support the dissemination of knowledge needed for sustainable development through the transfer of knowledge in the fields of management and technology, wherever we operate as a company.

For us, sustainable development in environmental protection means careful use of natural resources, which is why we assess possible environmental impacts in the early stages of product and process development. It is our aim to avoid pollution altogether or to reduce it to a minimum, above and beyond statutory requirements."

### **Audits**

With central offices and officers at all levels of the company, our international environmental protection network ensures adherence to public laws and company requirements. This network provides a forum for environmental protection throughout Siemens and supplies continual updates on a worldwide basis. Our management systems are audited at regular intervals. Every Siemens Group is audited at three-year intervals by the corporate environmental protection offices. Such audits were conducted in 2005.

## Reporting

Relevant data is indispensable if the company's environmental performance is to be continuously improved. Siemens' environmental information system is a worldwide platform for documenting environmentally relevant data, including self-evaluations of specific locations. The system also serves as a basis for environmental programs at the Group level, as well as at specific locations. The data gathered is published on the Internet on the Siemens homepage. Included in this information are the company's environmentally relevant facilities. We are currently launching company-wide campaigns to further improve the company's product- and operations-related environmental performance by 2007.

→ Environmental facts and figures

## Further examples of environmental protection at Siemens

### Environmental protection at Siemens VDO

In our highly structured company, environmental goals are defined not only at the top management level but also within the Groups, for instance, at Siemens VDO Automotive AG. During the past fiscal year, this Group switched its German production sites from individual certification according to the ISO 14001 standard to the even more exacting yet more economical matrix certification. Siemens VDO has trained qualified internal auditors and optimized its hazardous substance management. Hazardous substance data from all locations is maintained in a central database and continually updated.

### Knowledge management

As an essential part of successful environmental management, knowledge management is practiced at Siemens through continual international know-how transfer and best practice sharing. We make sure that this body of knowledge is available wherever it's needed. Activities in 2005 again included company conferences on environmental protection in Europe, North America and China, as well as continuing education events in Canada, the U.S., China and Germany.

### Siemens Environmental Prize

Internal communications and motivation also play a role in our environment-related activities. An example is our Environmental Prize, awarded as part of our company-wide, international competition held at three-year intervals since 1997. This award not only motivates and honors highly committed employees but also fosters the environmental awareness among our entire workforce. The competition will take place again in 2006.

### Climate Protection

Siemens is committed to taking action within the company to help protect the climate. In 2005, workshops were held at many German production facilities to review energy efficiency and identify ways of saving energy.

### Standardization of processes

At Siemens, environmental protection is an integral part of our business processes. We integrate current environmentally relevant input and sub-processes at the

Siemens "process house", where all our business processes are standardized company-wide.

### **Participation in expert committees**

Laws and international standards are based on specialized know-how. At Siemens, we consider it part of our social responsibility to share our technological know-how through involvement in standardization committees and similar bodies. For example, the company has representatives on the Technical Committee on Environmental Standardization for Electrical and Electronic Products and Systems and the Advisory Committee on Environmental Aspects of the International Electrotechnical Commission (IEC).

### **Refurbished systems – Proven Excellence**

The Siemens Medical Solutions Refurbished Systems division offers refurbished medical equipment from several different modalities. As part of our Proven Excellence program, all systems undergo an in-depth refurbishment process to ensure the high quality that only the original manufacturer can offer – to customers all over the world.

➔ Further information on refurbished systems

## **Innovative ideas for sustainable development through environmentally friendly products**

"( ... ) For us, sustainable development in environmental protection means careful use of natural resources, which is why we assess possible environmental impacts in the early stages of product and process development."

To achieve these goals, Siemens developed a company-wide standard for environmentally compatible products (SN 36350) in 1993, which establishes guidelines for product design. This standard includes, among other things, guidelines concerning substances and materials to be avoided and regarding the declaration of materials used in products. The standard also specifies requirements for packaging and product-related environmental declarations. The product design guidelines are mandatory.

At many Siemens Groups, environmentally compatible product design has also been integrated into business processes. This policy has even been accorded public honors: The Deka™ VII fuel injector earned the Siemens facility in Newport News, Virginia, the Governor's Environmental Excellence Award for Manufacturers in September 2005. The weight of the injector has been reduced 33 percent, which conserves resources. The amount of waste generated during production has been slashed as much as 65 percent, while energy consumption has been cut about 50 percent. In addition, innovations at test facilities have reduced VOC emissions per tested injector more than 55 percent.

We are committed to making it easier for our customers help better protect the environment by offering environmentally compatible products. For this policy too we have been accorded public honors: German Federal President Horst Köhler has

awarded Siemens AG and Robert Bosch GmbH the German Future Prize 2005 for their joint development of piezo injection technology for diesel and gasoline engines. Piezo technology allows extremely precise metering of the amount of fuel injected into the combustion chamber, which can substantially reduce fuel consumption and pollutant emissions. Direct injection was introduced for large-scale production of diesel engines in 2000, and is slated for gasoline engines in 2006.

- Piezo technology for gasoline engines
- Piezo technologie for diesel-powered vehicles
- German Future Price 2005

### Product examples

Our products and solutions help our customers improve their performance not only in environmental protection but also on their bottom line. The following is a small selection from our wide range of related products and services:

- Converting the boiler in the heating power station at Sandreuth , Bavaria , to natural gas enabled the power plant operator to **reduce the emission of carbon dioxide by about 45,000 metric tons** annually during the 2004/2005 heating season, resulting in a substantial decrease in environmental pollution in the Nuremberg metro area.
- The free **SinaSave software** program enables users to calculate potential energy savings in manufacturing processes.
  - SinaSave
- On the Internet, the **XHQ Emission Portal** supports decisions related to optimizing production processes both with respect to pollutant emissions as well as in a business management context.
- As a part of an EU project, Siemens joined the University of Tübingen , the Water Technology Center (Technologiezentrum Wasser) in Karlsruhe and other partners in developing a **unique new system for monitoring pollutants in bodies of water**. The Automated Water Analyzer Computer Supported System (AWACSS) is about the size of a suitcase and can detect 32 water pollutants directly at the site. The system is faster as well as more economical to operate than existing systems. A laboratory model was displayed at the IFAT 2005 international fair for waste disposal and the environment.
- Supplied by Denmark-based Siemens Wind Power A/S, Norway's **largest wind park** was commissioned on the island of Smøla in October 2005. Its 68 wind wheels generate 150 megawatts of electric power.
- Defeating the greenhouse effect: **Biomass power plants supplied by Siemens** produce energy from renewable resources. This minimizes the consumption of fossil energy reserves and protects our atmosphere.
  - Further information on biomass powerplants

- By supplying **energy-efficient drive systems** , Siemens supports the Motor Challenge Program of the European Union as an endorser: Siemens and other manufacturers of electrical drive systems have voluntarily committed themselves to substantially increasing the proportion of highly efficient Class EFF 1 and EFF 2 motors in such systems. The use of these more efficient drives reduces CO<sub>2</sub> emissions in Europe by about 1 million metric tons annually, compared to conventional EFF 3 motors.
  - The concept of **energy efficiency** is already part and parcel of the portfolio of the Siemens Building Technologies Group. In fiscal 2005, the Group bundled its energy-related activities to form the Energy & Environmental Solutions Subdivision with a worldwide structure. The name reflects the special emphasis of this Subdivision on the environmentally relevant benefits of its products and services. The bottom line is that the demand for energy-saving solutions has grown enormously.
  - Siemens is shooting for a new world record in efficiency with the **most powerful and economical gas turbine** : A combined cycle gas and steam power plant under construction in Ingolstadt , Bavaria , will have an efficiency of over 60 percent. This increase over the previous record level of somewhat over 58 percent **will reduce pollutant emissions by about 40,000 metric tons of carbon dioxide** (October 2005).
- Further information on the new gas turbine



## Anti-corruption measures

The Business Conduct Guidelines spell out the corporate code of behavior and are the core of our Compliance Program, to which every Siemens employee, anywhere, must adhere.

### Global Compact Principle and our Corporate Principles

#### Global Compact Principle 10:

Businesses should work against all forms of corruption, including extortion and bribery.

### Siemens Corporate Principles



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→ Siemens Corporate Principles

### The Siemens Compliance Program

The cornerstone of compliance in any company is management's explicit directive to all employees that laws must be followed and no infractions will be tolerated. At Siemens this directive is set down in the Business Conduct Guidelines. These guidelines call upon employees to obey the laws, and not just in general terms: They also contain precise rules concerning compliance with laws on competition and corruption (among others), in addition to rules regarding donations and gifts, avoidance of conflicts of interest in providing services, the prohibition of insider trading and the protection of company assets.

→ Business Conduct Guidelines

The Compliance Program at Siemens also includes numerous other regulations that are applicable company-wide and that complement the Business Conduct Guidelines. Examples include:

- Code of Ethics for Financial Matters
- Instructions for Opening Accounts and Execution of Payment Orders
- Business Consultant Guidelines

The Code of Ethics for Financial Matters was introduced as a consequence of the Sarbanes-Oxley Act Section 406. It consolidates the codes of behavior established at Siemens for the proper handling of financial affairs – such as the long-established “four eyes principle” – within a single document. The Code of Ethics for Financial Matters applies not only to the CEO and the CFO but also to all employees charged with exercising commercial functions.

→ Code of Ethics for Financial Matters

Proper handling of financial matters also requires compliance with the company-wide Instructions for Opening Accounts and Execution of Payment Orders. All financial transactions must consequently be documented and conducted transparently. Fiduciary accounts may be opened only in unavoidable and exceptional cases and upon completion of a written approval procedure.

Siemens also devotes special attention to proper conduct with business consultants. Cooperation per se with such consultants is legitimate and in many cases necessary for business reasons. On some occasions, however, there could be some question whether the sole purpose of using such consultants might be to pass on bribes. In concluding business consulting contracts, it is therefore essential to ensure that the consultants have been carefully selected and that no agreements of questionable legal propriety are concluded with them. For this reason, Siemens introduced company-wide Business Consultant Guidelines in fiscal 2005. Prior to the conclusion of an agreement, every consultant must undergo a due diligence process involving checks as to whether the consultant is respectable and has not previously been the subject of legal proceedings. Consultant agreements must be formulated using a mandatory standard text which prohibits the payment of any success-related fees and calls for the precise written specification of the services to be rendered by the consultant.

### **Implementation of the Siemens Compliance Program**

Siemens has established a worldwide Compliance organization headed by a Chief Compliance Officer. The Chief Compliance Officer reports to the Siemens Management Committee, the Corporate Executive Committee and the Audit Committee of the Supervisory Board of Siemens AG.

In each Group and in each of our more than 60 Regional Siemens Companies, Group or Regional Compliance Officers have been appointed, who – supported by additional compliance staff – are in charge of implementing the compliance programs in their own areas of responsibility and who report to the Chief Compliance Officer.

These officers continually train employees with respect to requirements of the Compliance Program. They also ensure that every two years the entire management pledges in writing to abide by the Business Conduct Guidelines. The Compliance Officers are available as a first point of contact for reported infringements of the Business Conduct Guidelines and are responsible for investigating possible compliance violations. It is especially important to ensure that anyone reporting possible infractions is protected from reprisals. If a violation is confirmed, the Compliance Officers are responsible for executing disciplinary action. The tasks of the

Compliance Officers also include signing agreements with business consultants to ensure adherence to the previously mentioned requirements of the Business Consultant Guidelines.

In addition to being in charge of the Group and Regional Compliance Officers, the Chief Compliance Officer also heads the Compliance Office, which is staffed by specialized attorneys. The Compliance Office has company-wide responsibility for all compliance-related legal issues. The attorneys at the Compliance Office also concern themselves with all major criminal and administrative investigations throughout the company, where their role is to defend the company's interests.

### **Monitoring of the Compliance Program**

The system that Siemens uses to verify adherence to the Compliance Program is based on four main components:

#### **Business-related controls**

Managers are required to continuously conduct ongoing checks in their own areas of responsibility, in addition to carrying out their business activities. These controls include random checks of specific projects to ensure compliance with antitrust and anti-corruption laws.

#### **Audits**

At Siemens, our company's auditors regularly check whether the Compliance Program is being correctly implemented worldwide in the Groups and Regions, and whether there are any indications of infractions.

#### **Process for handling complaints related to accounting practices**

To uncover infractions in accounting and auditing, Siemens has established a special process for handling complaints related to accounting practices. This process is based on the requirements of the Sarbanes-Oxley Act. Under Section 301 of the Sarbanes-Oxley Act, a company's audit committee must establish a process that enables employees and third parties to submit accounting related complaints anonymously if they so choose, and to ensure that such complaints are correctly processed. According to the current rules of procedure, which are published company-wide, all accounting-related complaints are submitted to the Chief Compliance Officer, who initiates an investigation by the company's financial auditors and reports to Siemens' Audit Committee.

#### **Reporting obligations**

The fourth component of the company's control system relates to reporting obligations within Siemens.

The Chief Compliance Officer reports on a regular and ad hoc-basis to the Managing Board and the Audit Committee on legal developments in the sphere of compliance, the implementation of the Compliance Program, and important compliance procedures within the company.

The Chief Compliance Officer is a member of the company's Disclosure Committee, which was established as part of the implementation of the Sarbanes-Oxley Act. In addition to the Chief Compliance Officer, this committee also includes the heads of other staff departments. The function of the Disclosure Committee is to examine all documents submitted to the U.S. Securities and Exchange Commission (SEC) to ensure that they are complete and correct. The presence of the CCO in the Disclosure Committee ensures that compliance procedures of relevance to the financial statements are properly reflected in the financial reports. The Disclosure Committee ultimately reports to the CEO and the CFO.

At the same time, corporate units with reporting obligations are also responsible for the completeness and correctness of the financial data they report to the CEO and the CFO.

At quarterly intervals, the Disclosure Committee also reports to the CEO and the CFO any criminal offenses found to have been committed against corporate assets. A company-wide reporting system ("TreuInfo") has been implemented to facilitate this reporting process. The fiduciary cases disclosed are investigated by the Corporate Audit Department. In such cases, legal advice is also given by the Compliance Officer's lawyers.

Period of reporting: 2005

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