

The background of the entire page is a photograph of a modern white high-speed train in a large industrial or exhibition hall. In the foreground, a woman with long brown hair, wearing a green top and a festive green and red patterned scarf, is smiling and looking towards the left. In the mid-ground, a group of people, including a man in a blue jacket and a woman in a red shirt, are gathered around a metal cart or display stand. In the background, other people are visible near the train's open door and stairs.

**SIEMENS**

# Sustainability inspires

Sustainability Report 2011

[www.siemens.com](http://www.siemens.com)

# Key performance indicators

## Key sustainability indicators

	FY 2011	FY 2010	FY 2009
<b>Economic</b>			
Revenue generated by the Environmental Portfolio (in billions of €) <sup>1</sup>	29.9	27.4	26.8
in % of total revenue	41	36	35
Ratio of R&D expenses to revenue (in %)	5.3	5.2	5.1
<b>Environment</b>			
Accumulated annual customer reduction in carbon dioxide emissions generated by elements from the Environmental Portfolio (in millions of tons) <sup>2</sup>	317	269	212
Improvement in environmental performance – CO <sub>2</sub> emissions (in %) <sup>3</sup>	22	18	17
Improvement in environmental performance – primary energy and district heating (in %) <sup>3</sup>	26	23	25
Improvement in environmental performance – electrical energy (in %) <sup>3</sup>	12	11	13
Improvement in environmental performance – waste (excluding construction waste) (in %) <sup>3</sup>	14	10	12
Improvement in environmental performance – water (in %) <sup>3</sup>	33	28	29
<b>Employees and society</b>			
Total employees worldwide (in thousands) <sup>1</sup>	360	336	333
Total employees worldwide (in thousands) <sup>2</sup>	402	405	405
Employee fluctuation rate (in %) <sup>2,4</sup>	12.9	12.9	17.4
Proportion of women (as a percentage of employees in management positions) <sup>2</sup>	14.6	13.7	13.6
Expenditure on continuing education (in millions of €) <sup>2</sup>	251	225	228
Expenditure per employee on continuing education (in €) <sup>2,5</sup>	608	560	562
External Sustainability Audits	284	203	– <sup>7</sup>
Fatal accidents (Siemens) <sup>2,6</sup>	3	4	4
<b>Rankings</b>			
Points in Dow Jones Sustainability Index	90	87	82
Points in Global 500 Carbon Disclosure Leadership Index	97	98	85

<sup>1</sup> Continuing operations.

<sup>2</sup> Continuing and discontinued operations.

<sup>3</sup> Relative to the baseline year, fiscal 2006.

<sup>4</sup> Employee fluctuation rate is defined as the ratio of voluntary and involuntary departures to the total number of Siemens employees for a fiscal year.

<sup>5</sup> Travel expenses not included.

<sup>6</sup> The figures do not include commuting accidents.

<sup>7</sup> Planning and pilot phase.

The title photo shows children of our employees visiting a Siemens factory in Krefeld, Germany. Their parents work here on the mobility solutions of the future.

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## Ladies and gentlemen,

Children are our future. To pass on to them a world worth living in is our obligation. And this is where we, as a company, have a contribution to make – with innovative products and solutions and through a commitment to greater sustainability in our supply chain, at our own locations and, not least, at our customers. Because sustainable development for the benefit of the generations to come concerns us all.

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Governments, societies and companies faced major challenges in 2011 – challenges like Fukushima, energy transformation, the Arab spring, the debt crisis and the highest carbon dioxide emissions in history. If rigorously implemented, Germany's new energy policy will create opportunities for climate-friendly, environmental technologies. And it's here that Siemens can make a difference – worldwide. The good news is that sustainability has made a great deal of progress and that it still harbors major potential. The bad news is that not enough has been done to ensure that our children will have a world worth living in over the long term. Developing sustainable solutions for a world population soon approaching the seven-billion mark requires even closer cooperation with both internal and external partners. That's why we've made an express commitment to the goals and principles of the Global Compact and the CEO Water Mandate of the United Nations and why we're active participants in organizations like the World Business Council for Sustainable Development (WBCSD), the Global Reporting Initiative (GRI), the World Economic Forum (WEF) and the World Resources Institute (WRI).

Our progress toward becoming a highly sustainable company has made us optimistic. In fiscal 2011, we generated revenue of €29.9 billion – or 41% of our total sales – with our Environmental Portfolio. In the same period, our green technologies enabled customers to reduce their carbon dioxide footprint by 317 million tons – an amount equal to nearly 1% of the world's total energy-related annual CO<sub>2</sub> emissions. For this commitment and for our rigorous sustainability strategy, we were honored with the German Sustainability Award. In the Dow Jones Sustainability Index, we were again No. 1 in the Diversified Industrials category, having further improved our performance. And with a score of 97 out of a possible 100 points, we were among the top 500 companies worldwide in the Carbon Disclosure Leadership Index (CDLI) for the fourth time in a row.

External assessments like these show that we're still on the right track. Because sustainability didn't become a guiding principle at Siemens only yesterday – as the 40<sup>th</sup> anniversary of our Environmental Office attests. We recognized the importance of environmental protection very early on, actively fostering ecofriendly behavior at our Company as far back as 1971. When it comes to sustainability, we have the greatest impact now – as then – on our own activities. However, we also feel increasingly responsible for our entire supply chain. To show how we're honoring this responsibility in practice, the first part of this report takes you on a journey along our value chain worldwide. An example from China illustrates how we're helping a supplier cut his future energy costs. A stopover in Charlotte (U.S.) provides an insight into the high sustainability standards we've set for our own activities. And a look at our work on the ICx train demonstrates how seriously we take customer retention while jointly developing mobility solutions for the future.

Sustainability is our guiding principle. We're on course, but we still have a long way to go. Constructive dialogue with our stakeholders and the Siemens Sustainability Advisory Board – a committee of leading international experts – is helping us achieve our goals. To further develop our sustainability-related activities, we seek dialogue with all our stakeholders. We're looking forward to continuing this exchange of ideas with you.



Peter Löscher  
President and CEO  
der Siemens AG



Barbara Kux  
Member of the Managing Board of Siemens AG  
and Chief Sustainability Officer

# Our sustainable corporate strategy

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Sustainability remains a core task for governments, society and business. What is needed are clear, binding and forward-looking answers.

As a company that is active in around 190 countries worldwide, we bear a great responsibility – for our employees, for our shareholders and for the societies in which we operate. Sustainable practices are firmly anchored in our corporate culture, based on our company values of being responsible, excellent and innovative.

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Sustainability is the guiding principle in everything we do, at all hierarchical levels within the Company. We are aware of the associated high standards and the possibility of conflicting goals. Nevertheless, the aim to create sustainable added value remains a key element of our corporate strategy. We are convinced that sustainability, in this sense, is also a business opportunity, and one that is worth seizing.

## One Siemens – an expression of our sustainable corporate strategy

We have paved the way with One Siemens, our framework for sustainable value creation and capital-efficient growth. We already occupy leading positions in many markets today, but we're not content with that. Our aim is to continuously improve our performance relative to the market and our competitors. We know our business activities depend on market dynamics and the requirements of our customers. That's why we've defined three strategic directions to guide us on our way into the future:

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Read more about  
One Siemens at:  
[www.siemens.com/one-siemens](http://www.siemens.com/one-siemens)

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- > We **focus on innovation-driven growth markets** with long-term growth potential, where we hope to capture leading positions or extend our lead if we've captured them already. A central role here is played by the products and solutions in our Environmental Portfolio: They enable us to make a major contribution to environmental and climate protection while also strengthening our standing in these growth markets. In the year under review, we generated revenues of €29.9 billion with our Environmental Portfolio, which is 41% of our total revenue. Our target for the future is to generate €40 billion by the end of fiscal 2014 and we will continue to strive for this goal even though it will be more challenging to achieve due to our planned initial public offering of OSRAM AG. Not only because we think it's achievable, but also because we're pursuing an ecological goal with our Environmental Portfolio at the same time: to reduce our customers' CO<sub>2</sub> emissions.

With products and solutions from the Siemens  
Environmental Portfolio, our customers were able to save  
**317 million tons of carbon dioxide** in fiscal 2011 –  
that is roughly equivalent to 1% of the world's energy-induced  
CO<sub>2</sub> emissions or nearly **40% of the emissions** in Germany.

We know that our Environmental Portfolio can help improve our customers' ecological impact. And we can even prove it thanks to an external audit. Thanks to our innovative, efficient products and solutions, our customers saved 317 million tons of carbon dioxide emissions during fiscal 2011 (see Environmental Portfolio on page 56 for more details).

From a sustainability point of view, our focus on innovation-driven growth markets also means strengthening the innovative power of the Company as a whole. We managed to make progress in 2011 in this respect too, as the ratio of research and development expenses to revenue shows. In the year under review, we had an R&D intensity of 5.3% – the year before it was 5.2% (see the "Innovation" chapter on page 54).

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- > In addition, and that is our second strategic direction, we aim to **get closer to our customers** all over the world. The central argument in this respect is our global value chain: Today, we are not only active in around 190 countries in the world, but also purchase from local providers in many of those countries, since a competitive, globally balanced and localized network of suppliers is vital to Siemens' long-term success. Being a strong partner also means selecting and qualifying our suppliers in accordance with the same strict rules that apply to us (more details are provided in the "Suppliers" chapter on page 74 and in our three reports on the following pages). By "strong partner," we understand a close customer relationship based on trust – something we work for every day at all levels of the Company, from the Managing Board to our service staff on site (see the "Customers and portfolio" chapter on page 56).
  - > Last but not least, we **use the power of Siemens**. Our employees are our greatest asset. With their commitment, qualifications and inventive spirit, they play a key role in our success and are the true "power of Siemens." To ensure it stays that way, we encourage lifelong learning and continuous development throughout our workforce on all five continents. We spent €251 million on this in the year under review. With 402,000 employees, that equals €608 per person.

Our international orientation and worldwide presence give us a competitive advantage based on the diversity of our employees. In our ten largest Regional Companies, for example, we have employees from 140 countries; men and women from different generations with multifaceted qualifications, educational backgrounds and cultural perspectives. Tapping this wealth of experience and increasing it by fostering dialogue between our employees is more than just one initiative among many; it contributes to the sustainable development of the entire Company (learn more about this in the "Employees" chapter on page 70).

Leveraging the power of Siemens also means strictly adhering to clear principles of integrity – something we also expect of our partners and suppliers. These principles focus on such themes as anti-corruption, environmental protection, and occupational health and safety management (see the chapters "Compliance," "Environmental protection" and "Occupational health and safety management" on pages 58, 60 and 68).

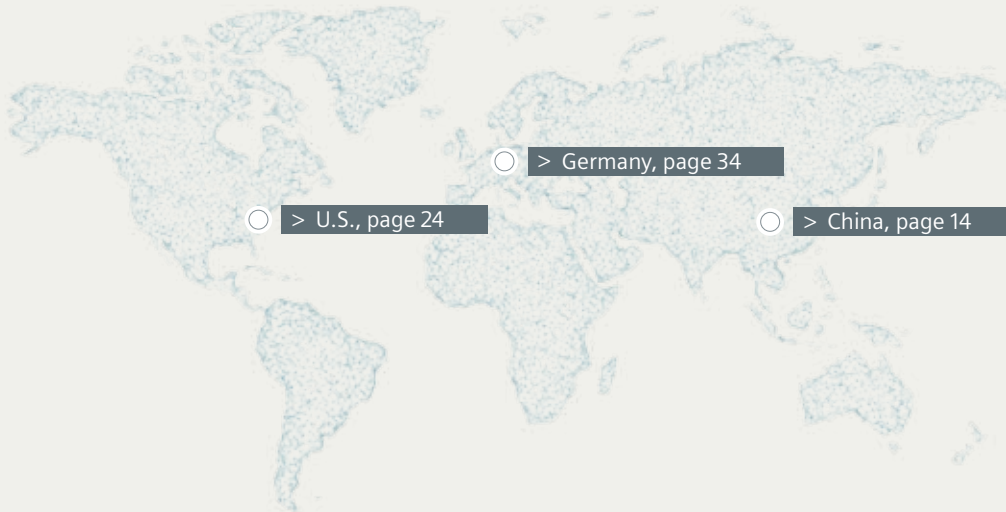
**As these examples clearly show, sustainability is not just embellishment at Siemens, it's the central theme of a corporate strategy that points the way to the future.**

## Sustainability requires close cooperation

The importance we attach to the topic of sustainability is also evident from its central positioning within the Company's organization. In contrast to many of our competitors, we have anchored the theme at the highest level and made it a matter for the Managing Board.

A cross-departmental and cross-functional committee, the Siemens Sustainability Board, defines the guidelines for our sustainability activities. It is the central steering and decision-making body for sustainability at Siemens and – in line with its importance – is headed by Managing Board member Barbara Kux. The Sustainability Board, staffed by top representatives of the Sectors and all relevant specialist functions, convenes regularly to set the strategic focus of our sustainability activities and





Siemens is not only active in around 190 countries, but also purchases locally in many of those countries, since a competitive, globally balanced and localized network of suppliers is vital to our company's long-term success.

approve appropriate measures and initiatives. It is advised by a committee of leading international experts, the Siemens Sustainability Advisory Board. A corresponding unit, the Corporate Sustainability Office, supports the above-mentioned boards in their work and coordinates company-wide programs and measures.

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Further information on the organization of our sustainability activities is available at:  
[www.siemens.com/sr/organization](http://www.siemens.com/sr/organization)

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As the composition of the Sustainability Board shows, we see sustainability as a company-wide task that requires clear structures and close cooperation between various units within the Company. The classical silo mentality wouldn't get us anywhere. Only collaboration between all relevant target groups in the Company and solution-oriented dialogue with our external stakeholders can generate concepts and solutions that help us achieve our corporate goals.

That we take this issue seriously at Siemens is evidenced by the fact that cooperation across organizational boundaries for the benefit of the Company pays off for our employees. Senior managers, for example, receive additional compensation if they participate in this kind of cooperation. But we don't stop there: We want to get all our employees interested in sustainability and strengthen their commitment to it. For this purpose, we introduced our "Sustainability at functions" initiative in fiscal 2011,

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with the aim of clearly showing all our employees what role sustainability plays in sales and customer relationships, for example, and how each and every one of us can act more sustainably.

And last but not least, there's our Siemens Integrity Initiative, with which we supported our first concrete projects in fiscal 2011 (see page 48). This initiative shows how we help spread our own high sustainability standards beyond Company boundaries.

Our involvement with major national and international sustainability organizations is yet another testament to the importance of sustainability at Siemens. In 2003, for example, we joined the United Nations' Global Compact, and last year we became a member of the newly founded LEAD Initiative, an alliance of companies that show particular commitment. In addition, we work together with organizations like the World Business Council for Sustainable Development (WBCSD), the United Nations Environment Programme (UNEP), the Global Reporting Initiative (GRI), the World Economic Forum (WEF) and the World Resources Institute (WRI). We also play an active role in various sustainability initiatives. As part of a WBCSD initiative, for instance, we promote sustainable urban development throughout the world – one example of many that show how our business and sustainability activities coincide and in many cases even complement each other. Another initiative we support is the Carbon Disclosure Project (CDP), which promotes greater transparency in carbon emissions reporting. Our aim here is to use our knowledge and experience to help other companies reduce their greenhouse gas emissions.

A detailed overview of our memberships and partnerships is available via our sustainability platform on the Internet at:

[www.siemens.com/st/memberships](http://www.siemens.com/st/memberships)

And as part of Future Dialogue, which we organized with the Max Planck Society and the Economist Conferences, we share and discuss ideas on our planet's future with international experts.

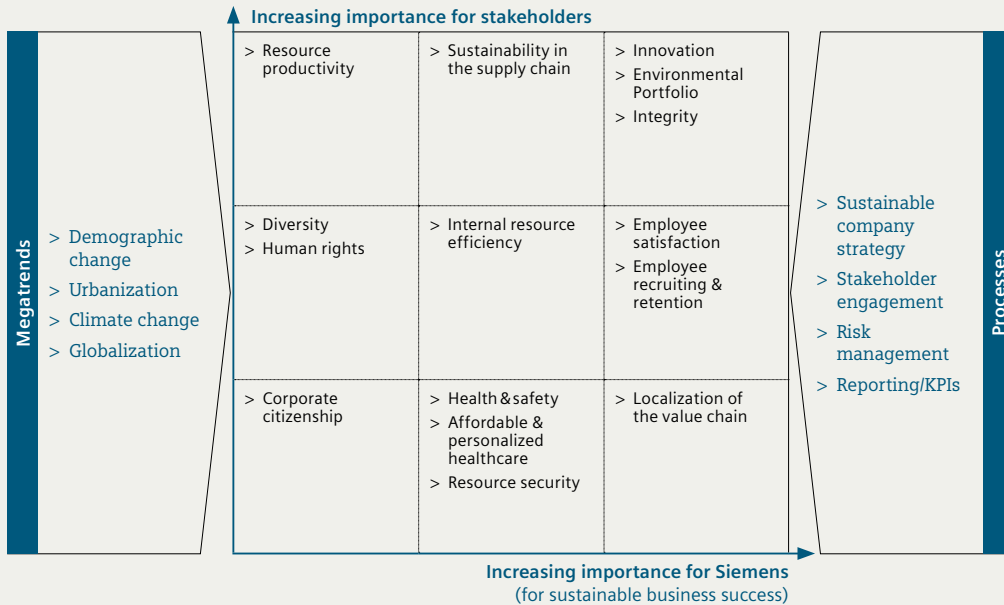
## Materiality – the result of intensive dialogue

This selection of examples shows how we promote sustainability at all levels: locally, regionally and globally – because wherever we're active as a company, we bear responsibility (see the three reports below). From our daily work we know that specific requirements can change quickly, and sometimes even dramatically. This makes it all the more important to look at our own principles and practices on a regular basis in order to critically examine their effectiveness and, if necessary, adapt them to changed circumstances. For this purpose, we regularly analyze and prioritize the topics that are important to us and our stakeholders, and derive appropriate standards to be applied using the principle of materiality as an orientation.

Our materiality portfolio highlights key sustainability topics and their importance for our stakeholders and Siemens. We prepare the portfolio annually and consulted more than 30 external stakeholders and experts from science, industry, politics, non-governmental organizations and consultancies in fiscal 2011. We then combined the outcome of this dialogue with the assessments of our specialist departments. The result is now available: our materiality portfolio 2012. By dealing with the topics it contains, we are able to identify opportunities, minimize risks and provide answers to the questions of tomorrow.

Our materiality portfolio 2012, including a detailed explanation of the key topics we have determined, is available on the Internet at:

[www.siemens.com/materiality](http://www.siemens.com/materiality)



## Outlook – sustainability remains a core topic

The awards we received during the year under review show that we're on the right track. In the Dow Jones Sustainability Index (DJSI), a sustainability ranking by Dow Jones and SAM, Siemens was once again ranked first in the "Diversified Industrials" category, which also includes companies like 3M, General Electric and Toshiba. We even managed to improve our score compared to the previous year: with 90 out of a possible 100 points, we achieved our best result to date.

We were also successful in the Carbon Disclosure Project (CDP), which included Siemens in its Global-500 Carbon Disclosure Leadership Index (CDLI) for the fourth year in a row. Scoring 97 out of 100 possible points, we once again showed an excellent result and were thus able to maintain our place among the top 500 companies worldwide. Last but not least, our commitment to sustainability was also honored in Germany, where we received the German Sustainability Award 2011 for our consistent and rigorous sustainability strategy.

**All this shows that we've put things on the right track and have taken a big step forward again in fiscal 2011. But it's also true that further steps must follow. We've therefore set ourselves corresponding goals.**

[www.siemens.com/sr/sustainability-strategy](http://www.siemens.com/sr/sustainability-strategy)

# Stakeholder dialogue with Tim Flannery



## > Tim Flannery

Tim Flannery is a member of the Siemens Sustainability Advisory Board. In 2011, he was appointed to head the Climate Change Commission established by Australian Prime Minister. He is professor at Macquarie University, Sydney.

Tim Flannery has been following the sustainability debate for a long time and from different perspectives in academics as well as in the political arena. Sustainability for him is a key issue in view of the changes the world is facing. Dwindling resources and a carbon-constrained world as well as growth ambitions of societies, especially in emerging countries, are making it imperative to decouple growth from resource consumption and environmental degradation.

**Why do you think sustainability is important for Siemens?**

**Tim Flannery**\_\_ Companies need to be prepared for a different future: Challenges such as decoupling economic growth from resource consumption and climate change will lead to enormous changes in the business environment. New forms of regulation, rising prices for certain raw materials and changing customer requirements are inevitable. This has implications for a company like Siemens, both internally and externally: first, it is a great opportunity to deliver sustainable solutions to customers who are facing the very same constraints; second, it is essential to “walk the talk”

(with respect to own operations and processes) to be prepared for the changes ahead and to prove that conducting business sustainably creates value.

**In terms of walk the talk – what is essential?**

**Tim Flannery**\_\_ Companies like Siemens must strive for resource efficiency in all its operations and processes. This has a positive effect on the bottom line through reduced costs, but it is not an easy task as the low-hanging fruit is already harvested, e.g. in the area of energy efficiency. Now, the challenge lies in addressing more fundamental issues which often have

longer payback times. So vision, determination and careful planning are essential. As difficult as the challenges are, there can be no doubt that rising to them will play a big role in defining the winners of tomorrow.

**In terms of products and solutions for customers, what is needed?**

**Tim Flannery**\_\_ To address global challenges such climate change, we need to have efficient and low-carbon products and solutions in all areas of our lives. This will require disruptive innovations, because the rate of improvement we have seen in the past is not enough. This is a huge challenge because we will need to overhaul complete infrastructure systems, e.g. in the area of energy and electricity or mobility and transportation. But let's not forget: This is also a major business opportunity. Efficient products and solutions and renewable energy technologies offer huge market potential today. And I am sure that governments will increasingly offer incentives to drive that change – the recently introduced Carbon legislation in my home country Australia is just one example.

**How do you view the role of the Sustainability Advisory Board?**

**Tim Flannery**\_\_ The Siemens Sustainability Board engaged with the Company at every level including the very

Every day, we are building the world our children will grow up in. **Commitments of corporations** to sustainability, both in their own practice and in their products, are important factors in deciding the quality of future life. That's why we must strive to excel at sustainability.

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highest. Seeing how changes are being implemented, I know that our inputs are valued and acted upon. It's been both a huge pleasure and a valuable learning experience for me as well.

**How do you view Siemens' current sustainability position?**

**Tim Flannery**\_\_ There is a clear recognition in the Company that the future will be very different from today, and very significant investments in energy-related technologies are taking place. I think Siemens is in a good position relative to its competitors, as its rating as the 'best in class' in the Dow Jones Sustainability Index reveals. But so much more needs to be done. I can't emphasize enough how clearly environmental research shows that our future must be radically different.

**What kinds of innovations will lead to a different, sustainable future?**

**Tim Flannery**\_\_ First of all, I think we will see what I call the "electrification of the economy:" Different energy sources will be integrated, with electrical power playing a major role. Information technologies will be an important lever for achieving this integration. Second, micro-generation with small gas, biogas, micro-wind and hydro turbines, especially in developing countries, will become more and more important. Last but not least, innovations

in the political arena are required – to make sure that efficient technology and solutions that are already available today will be implemented in large scale.

**What's your recommendation for Siemens?**

**Tim Flannery**\_\_ With its innovative technologies in many critical infrastructure areas, Siemens has the capacity to be a key player in the transition towards a green economy, and I encourage maintaining this strategy. At the same time, I would hope that Siemens shows how its own activities contributes to overarching societal goals such as limiting the concentration of CO<sub>2</sub> in the atmosphere, so that the global temperature increase remains at or below 2°C. Siemens has a highly motivated and brilliant staff. As challenges increase, the importance of such human resources will grow, and new perspectives and skills will be required in all companies.

\_\_\_ **Tim Flannery** "Siemens has the capacity to be a key player in the transition towards a green economy, and I encourage maintaining this strategy."

Value chain: Supplier

## Sustainable supplier relationships in China

Siemens has been making medical equipment in China since 1992 – and increasingly uses local suppliers. The relationship with CIMC Tank Equipment (CIMC) in Nantong shows just how successful and profitable such cooperations can be.



Siemens produces magnetic resonance imaging (MRI) systems in Shenzhen, China. One important component is made beforehand by our supplier CIMC in Nantong. Close collaboration with our local suppliers strengthens our knowledge of local markets, while our external partners benefit from our technological know-how.





- > **Xiaojun Dai (left)**  
Xiaojun Dai, the Head of Purchasing at Siemens in Shenzhen, coordinates all procurement processes. This includes selecting suitable suppliers, handling quality assurance and ensuring delivery reliability and dependable, efficient logistics.
- > **Xian Zhang (right)**  
Xian Zhang, Deputy Managing Director and Head of Production at CIMC, is responsible for the Siemens project. His goal is to keep expanding the relationship of trust with Siemens.



> Supplier in Nantong

## From supplier to partner: Cooperation with a future

Nantong, production site of CIMC Tank Equipment

Xiaojun Dai from Siemens and Xian Zhang from the supplier CIMC Tank Equipment, which produces vessel kits for Siemens, got to know and respect each other during their collaboration. What started out for Siemens as a broad-scale search for a supplier that could meet demanding technical requirements, has evolved over the past three-and-a-half years from a joint development project into an extremely successful working relationship benefiting both companies. Xiaojun Dai and Xian Zhang talk about their experience and future projects.

Xiaojun Dai **When we sent you our first inquiry regarding the production of vessel kits in November 2008, we didn't know if CIMC could meet all our requirements – especially since we needed a supplier that not only had the technological expertise, but would also comply with our stringent sustainability requirements covering aspects such as occupational health and safety and environmental protection.**



> Supplier in Nantong

- < CIMC abides by the very highest standards of quality. Every single production step is accompanied by strict controls. In a final stage, the vessel kits are subjected to detailed testing.
- ∨ Our controller ensures that the machine tools work correctly and accurately.

Xian Zhang We were delighted to receive your inquiry. I still recall very clearly that when we spoke the first time, we soon realized that we shared the same views in many points – both regarding the necessary technological expertise and the required sustainability standards.

Xiaojun Dai Yes, that’s right. We then addressed both issues at the same time. But first you had to complete our supplier qualification process.

Xian Zhang Yes. Right at the start we had to prove that, apart from business-specific minimum requirements, we were also able to meet Siemens’ quality and environmental protection requirements and complied with the Code of Conduct for Siemens Suppliers in all points.

Xiaojun Dai And so what posed the bigger challenge for you: technical implementation of the component or our sustainability requirements?

Xian Zhang Definitely the technical implementation. Despite our extensive know-how, we needed just over two-and-a-half years to make a prototype that was ready for series production. Siemens helped us a lot in this regard, advising us on production and productivity, challenging our processes and giving us valuable tips on how to optimize them. We benefited enormously from that. Now we make the **vessel kits** in top quality. That’s harder than it looks, because the tolerance is just one millimeter, while the diameter is around two meters

Xiaojun Dai I think we both learned a lot. The first prototypes were ready in September 2009 – and things proceeded very quickly from then on. After extensive testing, we awarded you the order in October; the vessel kit was examined and certified by TÜV NORD. Series production then began.



> Supplier in Nantong

#### Vessel kits

Large current-carrying coils generate the powerful magnetic field of an MRI system. The coils are cooled by liquid helium in a multi-walled vessel. To prevent the helium from escaping it must be produced accurately and be completely leak-proof.

— Chunfeng Liu, Managing Director of CIMC Tank Equipment **“We’ve benefited greatly from the cooperation with Siemens. Siemens is an important strategic partner for us.”**



A large industrial factory interior with workers and machinery. In the foreground, a worker in a blue uniform and white cap is looking towards the right. In the background, there are stacks of metal sheets on blue carts, a large green industrial machine, and a red banner with Chinese characters. The banner at the top reads "CIMC 南通 反违章 除隐患".

# 3,120

## employees

That is how many people work at CIMC in Nantong. Our supplier is the world's largest manufacturer of stainless steel shipping containers; it also produces and sells high-pressure vessels for production plants and tank trucks.



~50  
percent

The value of purchased products and services amounts to about half of our revenue – so suppliers are critically important. That’s why Siemens offers them the possibility of further improving their energy efficiency and has launched its own program to enable that: the Energy Efficiency Program for Suppliers.



< Every step in the assembly of the highly sensitive MRI devices produced in Shenzhen is controlled and documented with great precision.

> Siemens' factory in Shenzhen

#### Supplier of Siemens

The Code of Conduct for Siemens Suppliers defines the requirements that the Company's suppliers around the world have to fulfill. Among other things, it prohibits corruption, bribery and child labor and includes environmental protection and occupational safety measures.  
[www.siemens.com/sr/code-of-conduct](http://www.siemens.com/sr/code-of-conduct)

#### Sustainability

Ensuring that our high sustainability requirements are also implemented in the supply chain is a core part of our supplier management processes. Learn more at:  
[www.siemens.com/sr/supplier](http://www.siemens.com/sr/supplier)  
[www.siemens.com/sr/supplier-training](http://www.siemens.com/sr/supplier-training)

Xiaojun Dai But that wasn't all. Parallel to technical development, we pushed forward with sustainability as well.

Xian Zhang It was clear to us from the outset that if you want to be a supplier of Siemens, you can't just be good – you have to be very good. That's why we were pleased to undergo an external Sustainability Audit, especially since this evaluation by external experts also proved worthwhile for us.

Xiaojun Dai The audit confirmed our assessment from the qualification phase: CIMC is very well positioned in terms of sustainability. You soon put our subsequent suggestions – further improvements in occupational safety, for example – into practice ...

Xian Zhang ... because they were very useful stimuli that benefited our company as a whole. In particular, the close cooperation with Siemens once more spelled out the great importance and economic significance of sustainability.

Xiaojun Dai What are the concrete benefits for CIMC?

Xian Zhang Siemens supported us, for instance, in rolling out specific guidelines and processes and more efficient work methods that help us meet sustainability standards and increase productivity; moreover, the successful audit further strengthened our sustainability profile. And finally, the product certification by TÜV NORD provided international confirmation of the quality of our work – all aspects that are useful in other projects and benefit the entire company. And these things ultimately benefit Siemens as well.



> Siemens' factory in Shenzhen



> Siemens' factory in Shenzhen

- < The MRI system's sensitive technology is reliably protected by the multi-walled vessels surrounding it.
- > Our MAGNETOM ESSENZA just before being completed and shipped. We have developed it specifically to meet the requirements of the entry-level market segment, and it is very popular worldwide.

Xiaojun Dai Both of us also gained a lot of knowledge. And we're happy to have found a local partner who delivers reliable quality. That's why we're talking about how we can further expand our cooperation with CIMC.

Xian Zhang We'd be delighted about that. Personally, I'm also eagerly awaiting our further joint sustainability projects.

Xiaojun Dai We also recently launched our Siemens Energy Efficiency Program for Suppliers ([EEP<sub>4</sub>S](#)) in China and are offering it to our suppliers. It starts off with an Internet-aided assessment, followed by on-site analyses by Siemens' energy experts, the results of which can be used to derive energy-saving measures. We have already held initial detailed talks on this.

Xian Zhang Yes, and we're very interested in it, especially since it addresses ecological and economic dimensions alike. In a nutshell: If we can cut energy costs and also protect the environment, it's a win-win situation for all of us.

Xiaojun Dai I look forward to continuing our work together in the future.

[\(EEP<sub>4</sub>S\)](#)

The multilevel Energy Efficiency Program for Suppliers (EEP<sub>4</sub>S) offers Siemens' suppliers the chance to review the energy efficiency of their production processes. If required, Siemens provides support in implementing sustainable energy-saving measures following the evaluation process.


Learn more at:

[www.siemens.com/sr/EEP4S](http://www.siemens.com/sr/EEP4S)



> Siemens' factory in Shenzhen

- < The MRI system's receiver units, which are designed specifically for different regions of the body, are produced locally. Precision and reliability are extremely important here.



## Additional topics

### > Sustainability seminars in China

Since the summer of 2010, Siemens has conducted regular working meetings with suppliers in China on the subject of sustainability. Their objective is to sharpen awareness for sustainability and promote its active implementation in the supply chain. Another objective is to demonstrate that sustainability generates a competitive advantage that benefits all the partners involved. The meetings convey the various elements and processes of Siemens' Sustainability Program, including Detection Modules such as the Self Assessment and Sustainability Audits, as well as the Code of Conduct for Siemens Suppliers. Apart from practical tips, participants also obtain information on how Siemens implements this issue internally. Extensive training materials round out the meetings.

### > Siemens Healthcare Support Center

One of our three global Healthcare Support Centers is located in Shenzhen. In addition to over-the-phone product support by service technicians specializing in various fields, it offers capacity for training customers from Asia and the western U.S. Some 40 customers a year take part in training at Shenzhen.

# Stakeholder dialogue with Jackie Bray



> Jackie Bray

Jackie Bray, a single mother, is one of 700 new employees hired and trained during the expansion of the Siemens Charlotte Energy Hub.

To staff the expanded Siemens Charlotte Energy Hub, about 700 high-skilled jobs have already been added to its existing workforce of nearly 700 employees. Siemens has partnered with the Central Piedmont Community College (CPCC) and the University of North Carolina Charlotte (UNCC) to offer skills assessment, recruiting and training opportunities to prepare its expanded workforce with the necessary advanced skills.

**How important is it for you to have a qualified job?**

**Jackie Bray**\_\_As a single mother, it's very important for me to have a job – especially for the insurance and benefits. It's also important to feel my work is rewarding, which it is because I feel qualified and empowered to do my job well. I think everybody goes to work to do a good job and if you're not qualified, it's not going to happen, you're going to struggle and be frustrated. But when you have the proper training, you can soar. I need gratification from everything I do and if you're not getting the proper training, you can't get that. I'm also grateful to be part of a company that does so much to ensure a better future for the community where my daughter and grandson will grow up. Siemens is doing so much about going "green" and reducing emissions – that's one of the things I love most about this place. They're making cleaner power for everybody and that's just amazing.

**What is needed to do such a job?**

**Jackie Bray**\_\_First and foremost, you need great people. And those people have to be trained to use sophisticated equipment. Specifically, you need a basic understanding of mechanical skills and a diverse background so a company like Siemens sees you can learn multiple things. In my area, multitasking is a big thing. You definitely need technical expertise and a really good attitude toward teamwork. This is all possible because Siemens invests in its workers. Even before you get here, they help pay for your training and certification. If you need some extra training, they make sure Central Piedmont Community College (CPCC) offers what you need. Once you're here, you get more training and certifications than most companies offer in my experience.

**How did you come to Siemens?**

**Jackie Bray**\_\_When I was laid off, I had been working two jobs, which together

earned less for my family than I do now. And I didn't get any benefits until I joined Siemens. I lived my days praying not to get sick or have a toothache! Siemens not only has jobs, but provides the training to put the right people in those jobs. And it's not just for people on the management track. Look at me – if I can work here, anybody can work here. The one thing I remember most from my hiring process was when I first failed the test and the test administrator said, "Siemens is not going to give up on you." That was so amazing because not a lot of companies would do that. In fact, when I got my job here I called my daughter crying and said, "guess what," and she said, "you got the job," and I replied "Shawn is going to Disney world." Now that I work here, I can send him. And I can provide things for my daughter that I couldn't give her before. You just don't know what that means to me as a mother. Getting this job was everything to me, it really was.

**How was your specific training and what did Siemens do in this regard?**

**Jackie Bray**\_\_The process all began with an application. If you make it past that step, you are then asked to complete a series of tests and certifications. You must score a certain level for each step before proceeding. The two most challenging tests, which cover blueprints and troubleshooting, are now offered as separate courses at CPCC to provide additional instruction. After you pass the tests, you interview once or twice before being hired. Once in the door, you do about 30 days of New Employee

Everybody goes to work to do a good job and,  
if you're not qualified – it's not going to happen,  
you're going to struggle and be frustrated.  
But when you **have the proper training,**  
you can soar.

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Orientation, which includes training in the classroom and on the factory floor. I learned everything there, from how to work on a team to how to rig a lift. Since then, I've continued to train. Most classes are mandatory, but some are options I may elect to help me be more well-rounded for whatever comes next. I feel the attitude at Siemens is that training is always ongoing and employees are always learning. I don't see Siemens as a company that would ever say "OK, now you know enough," because I don't think you can ever know enough.

How do you consider the new apprenticeship program that gives young people a chance to gain college credit and practical instruction on the job – the way it's done in Germany?

Jackie Bray \_\_ The program Siemens has with CPCC is amazing. If it had been around five or ten years ago, my daughter would still have been in school and I might have been able to do more for her and perhaps she'd have a different life today.

Looking back, what do you think?

Jackie Bray \_\_ I am extremely grateful for the opportunity to be part of a company like Siemens and I know I'm really making history right now. I'm always proud to wear my uniform and be part of Siemens. This place is amazing, and anybody who knows me or has spoken to me knows I don't mind telling you how great my job is. People may not always want to hear that, but I always say it. Working at the Charlotte Energy Hub is also unique because it has multiple

product lines and four generations all working together. This could be challenging, but it isn't because we all have a common goal and I think that really shines through. Everyone here is genuinely nice and happy and it really shows.

So, will you go with your daughter and grandson to Disney when the time comes?

Jackie Bray \_\_ Nope – it's about them. And you know me, I'll be like "I gotta work."

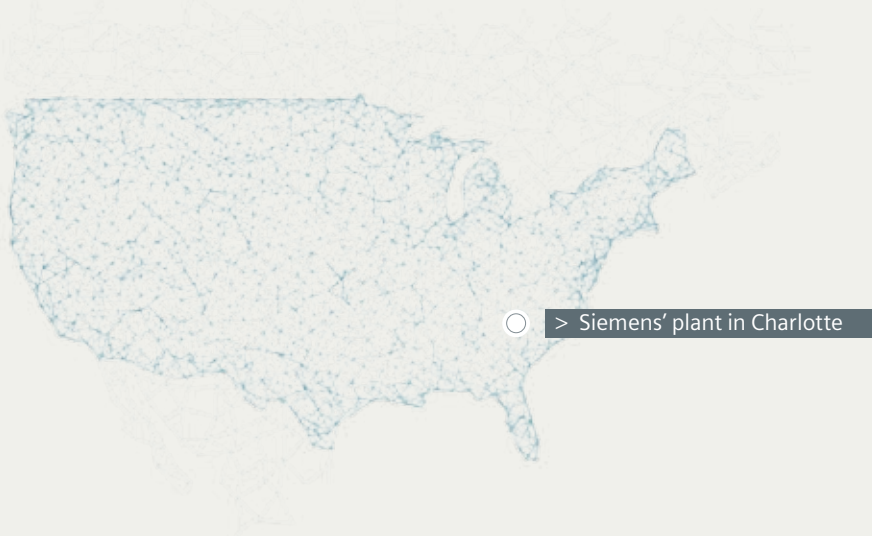
\_\_ Jackie Bray "Siemens does so much in regard to going 'green', that's one of the things I love most about this place. They're making cleaner power for everybody."

Value chain: Our own operations

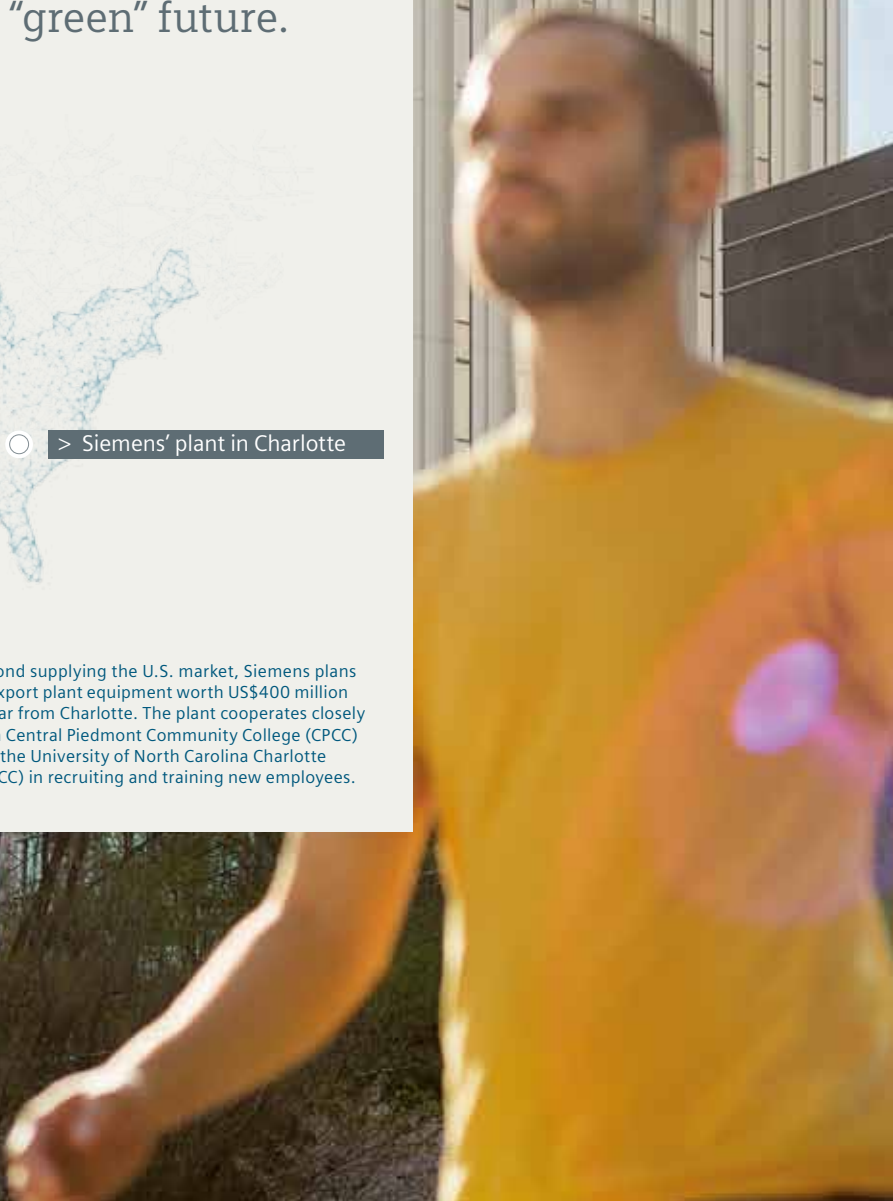
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## The future is “green”

Siemens continued to expand its global production network for gas turbines in 2011. At the Charlotte site in the state of North Carolina, an existing plant was expanded, creating about 700 new jobs. With our cutting-edge gas turbine production plant, we are setting new standards for quality, productivity, competitiveness and flexibility – our contribution toward a “green” future.



Beyond supplying the U.S. market, Siemens plans to export plant equipment worth US\$400 million a year from Charlotte. The plant cooperates closely with Central Piedmont Community College (CPCC) and the University of North Carolina Charlotte (UNCC) in recruiting and training new employees.







- > **Jennifer Roberts (left)**  
Jennifer Roberts is a member of the Mecklenburg County Board of Commissioners, the governing body for the Charlotte area. Roberts has a background in teaching and international banking and has been a local leader on issues including job creation, education, and the environment.
- > **Mark Pringle (right)**  
Mark Pringle manages Siemens Energy's factory in Charlotte. The mechanical engineer has worked in the power plant business for more than 30 years, and can lay claim to developing and establishing Siemens' gas turbine service and repair business in Houston, Texas.



> Siemens' plant in Charlotte

## Energy-efficient, ecological and excellently qualified Charlotte, a Siemens production site

With an investment of more than US\$350 million in its Charlotte site, Siemens has expanded its global turbine and generator production network and created 700 new jobs with a future in a region where unemployment is high. And thanks to Siemens' positive relationships with public institutions there, these positions are being filled with well-qualified employees.

At the beginning of planning for the new factory, Siemens contacted Charlotte's local authority, Mecklenburg County, and the college and university. Today, County Commissioner Jennifer Roberts is with Mark Pringle at the factory, where he is updating her on the current status of the facility and its plans for the future.

Jennifer Roberts **Mr. Pringle, the region is proud of Siemens' "green" factory. What's so special about it?**



> Siemens' plant in Charlotte

- < Extreme precision and accuracy are the basic prerequisite for the high-quality production of our gas turbines. Continuous training measures are therefore part of everyday working life for our employees.
- ∨ The energy-efficient medium-voltage switchgears are also from Siemens and distribute electricity to the individual power consumers in the factory.

**Mark Pringle** Some of the most progressive things are only apparent when you take a second look. They start with the particularly lean way in which production is organized. At the new factory, we need 9,000 m<sup>2</sup> less space than comparable plants once required. As a result, we were able to cut costs and emissions when it was constructed, and we reduce carbon emissions during operation, too.

**Jennifer Roberts** What specific environmental objectives did Siemens pursue with the new building?

**Mark Pringle** Under our internal "Green Building" program, we built new offices and production sites in compliance with the sustainability standard **LEED – Leadership in Energy and Environmental Design**. The standard for our Charlotte plant is the demanding LEED Gold standard.

**Jennifer Roberts** What special measures were required to fulfill it?

**Mark Pringle** Measures range from very good insulation of walls and ceilings to economical continuous-flow heaters for the washbasins to water-efficient toilets. Then there's Siemens' energy-efficient products.

**Jennifer Roberts** Does that mean you also use your own products?

**Mark Pringle** Of course! We use Siemens medium-voltage switchgears, and the power distribution and circuit breakers in the halls come from a Siemens facility in Spartanburg, South Carolina – which is like buying from a neighbor. The machines' controllers, like the building's monitoring and energy control systems, also come from Siemens' global network.

**Jennifer Roberts** Your employees must also be very proud of the factory!

**LEED**  
 "Leadership in Energy and Environmental Design" (LEED) is a system for classifying the ecological footprint of buildings. It sets standards for environmentally friendly, resource-saving, sustainable building construction.



> Siemens' plant in Charlotte

— **Michael Süß, Member of the Managing Board of Siemens AG and CEO Energy Sector** "With a growing share of renewable energies in the energy mix, highly flexible CCPPs will be increasingly vital as the backbone of power supplies."

A large industrial factory interior. In the foreground, a worker wearing a white hard hat and a dark blue shirt is seen from the back, looking towards a massive, dark-colored turbine component being assembled. The component is suspended by a yellow crane labeled "TAG 150 TON". The factory has a high ceiling with a complex network of steel beams, pipes, and electrical conduits. The lighting is bright, and the overall atmosphere is one of a busy, modern manufacturing facility.

# 18

percent

less area is required by the new gas turbine plant in Charlotte compared to traditional production sites. Concretely, that means approximately 9,000 m<sup>2</sup> less space. Parts of the plant already meet the requirements of the LEED Gold standard for power consumption and carbon emissions by production buildings.



# 700,000

tons

This is the enormous amount of carbon dioxide that can be avoided – every year – by every new combined cycle power plant (CCPP) with a Siemens 8000H turbine and 570-megawatt output, compared with the average for all power plants worldwide. That is equivalent to the emissions of 330,000 cars with an annual mileage of 14,000 kilometers each. The photo shows an F-class turbine.

- > With around 60,000 employees in all 50 federal states, Siemens has established itself as one of the main employers in the U.S. The photo shows an employee working on final assembly of a component for our highly efficient gas turbine.
- ∨ For us, practice and theory are the two sides to successful training, which is why we rely, not only in Charlotte, on the model of alternating between college and practical instruction on the job.



> Siemens' plant in Charlotte

**Mark Pringle** Our employees see that we don't just talk about environmental protection and energy efficiency, but also take action. They're especially proud of our new gas turbine production facility.

**Jennifer Roberts** And what's unique about Siemens gas turbines from Charlotte?

**Mark Pringle** They're very economical, which makes them a key factor in climate-friendly power generation. A state-of-the-art [CCPP](#) with a Siemens 8000H turbine and 570-mega-watt output can reduce carbon emissions by up to 700,000 tons a year compared to the average for all power plants worldwide.

**Jennifer Roberts** That's amazing! Yet it seems to me that investing in a new factory for gas turbines was a very bold move. Everyone expects progress to come from wind, solar and water power generation.

**Mark Pringle** That's true, and that's why we're working hard on that at Siemens, too. For instance, we're one of the leading suppliers of wind turbines. However, renewable energies will not yet be able to cover the next generation's power requirements.

**Jennifer Roberts** So CCPPs are a key element of the right energy mix?

**Mark Pringle** Our highly flexible H-class turbines are also ideal when a larger share of available power is generated from renewable sources of energy that fluctuate, such as wind and solar power. If the sun's shining brightly and there's a stiff breeze, they stay switched off, but when renewable energies can't deliver – such as at night, or when there's dense cloud cover or no wind – the turbines can be up and running at maximum power in a matter of minutes.

**Jennifer Roberts** I assume older power plants can't manage that.

#### [CCPP](#)

With a net efficiency of 60.75%, the Siemens-constructed CCPP Ulrich Hartmann currently holds the world's record for combined cycle power plants.



> Siemens' plant in Charlotte



> Central Piedmont Community College

- < At the Central Piedmont Community College, well-trained teaching staff members look after our new employees. To make sure they are fully acquainted with the specific Siemens requirements, some of the teachers have gone through extensive training themselves in Germany.
- ∨ For Siemens, lifelong learning is an integral part of the corporate strategy. For this reason, our employees also continue to take part in further training activities even after completing their initial training.

Mark Pringle In the U.S., which is the world's largest electricity market, coal is still our most important source of energy. However, the average age of our coal-fired power plants is already 40 years. That means they can only respond slowly to fluctuations in demand, they don't use coal very efficiently and they're big environmental polluters.

Jennifer Roberts But that's surely not just true of the U.S.

Mark Pringle No, it isn't – and that's why we want to [export](#) power plant technology worth US\$400 million a year from Charlotte.

Jennifer Roberts Hearing that makes me proud, especially since Charlotte and the surrounding region benefit a lot from it. The Charlotte area suffers from high unemployment, which made us all the more happy to support Siemens in finding and training 700 additional employees for the new production facility.

Mark Pringle It was especially important for us to familiarize the new employees quickly with the specific demands of a cutting-edge production plant. We get a lot of support for this goal from [Central Piedmont Community College](#) (CPCC) and the University of North Carolina Charlotte (UNCC).

Jennifer Roberts We're delighted about that, especially since both institutions have also benefited from working with Siemens. Siemens makes high demands, but it also shares its knowledge: For example, some members of the college's staff completed their [mechatronics instructor training](#) at Siemens in Germany. They were very enthusiastic about that experience. You also recently began an apprenticeship program that gives young people a chance to gain college credit and practical instruction on the job – the way it's done in Germany.

Mark Pringle We've introduced that model here, and we'll be expanding it even further. After completing their training, these young people are excellently qualified for a successful career with us.

Jennifer Roberts This is a model for the future, and we look forward to continuing to work with Siemens.

[Export](#)  
Siemens Energy not only supplies the U.S. and other countries with a 60-Hertz power grid from Charlotte, it exports all over the world.

[Central Piedmont Community College](#)  
Siemens' training partner CPCC has seven locations and some 70,000 students, making it the largest community college system in North and South Carolina.

[Mechatronics instructor training](#)  
The Siemens Mechatronics System Certification Program (SMSCP) supports colleges and universities worldwide in integrating established modules from the German training system into their existing educational programs.



> Siemens' plant in Charlotte



## Additional topics

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### > Encouraging young talent at the university level

In order to meet future requirements for excellently qualified engineers in the field of power plant technology, Siemens supports the Energy Production and Infrastructure Center (EPIC) at the University of North Carolina Charlotte (UNCC). Together with other energy sector companies here in the region, Siemens is committed to ensuring, among other things, that the industry's requirements are reflected in concrete curricula at EPIC. A US\$4.3 million donation by Siemens is enabling the UNCC to bring in guest lecturers, award scholarships and – what's very important – to set up a laboratory (Siemens Large Manufacturing Solutions Lab).

### > "Green" challenge for the city

Charlotte was recently assessed in the U.S. and Canada Green City Index. This unique study, which was conducted by the Economist Intelligence Unit on behalf of Siemens, compares the environmental and climate protection objectives and performance of 27 cities in the U.S. and Canada. Nine categories are analyzed in detail: CO<sub>2</sub>, energy, land use, buildings, transport, water, waste, air and environmental governance. The "greenest" city in the U.S. and Canada Green City Index is San Francisco. In second to fifth place for U.S. cities are New York, Seattle, Denver and Boston.

[www.siemens.com/greencityindex](http://www.siemens.com/greencityindex)

# Stakeholder dialogue with Karl-Friedrich Rausch



> **Dr. Karl-Friedrich Rausch**

Karl-Friedrich Rausch is the Member of the Management Board of DB Mobility Logistics AG in charge of the Transportation and Logistics Division and is responsible for the activities of DB Schenker. He is responsible for the issue of sustainability on the Management Board of Deutsche Bahn.

Karl-Friedrich Rausch has been responsible for sustainability on the Management Board of Deutsche Bahn (DB) since 2011. The group has set itself a clear goal. In order to continue dealing successfully with the opportunities and challenges in its market, DB has decided to anchor sustainability more rigorously in its corporate strategy and organization. Rausch is a member of the Board of Governors of econsense, Forum for Sustainable Development of German Business.

**What role does sustainability play regarding mobility and transport?**

**Karl-Friedrich Rausch**\_\_ The concept of sustainability is intrinsic to the future viability of our business. The key question for us is: What do we have to do to be successful over the long term? In view of the increase in passenger and freight transport, one of our core challenges is to keep emissions from increasing with the growth of the market. Mobility and logistics service providers have a vital responsibility to propose solutions here. The transport sector accounts for a quarter of global CO<sub>2</sub> emissions, making the mobility and transport market the second-largest CO<sub>2</sub> emitter after the energy industry. It's clear that transport companies must deliver solutions to reduce the CO<sub>2</sub> they generate. We at DB Schenker did that last year with our Eco Solutions. Since then, we've offered a CO<sub>2</sub>-free or lower CO<sub>2</sub> alternative for all transport and logistics products. If a reduction is

no longer possible, customers can compensate for their CO<sub>2</sub> emissions by investing in climate projects.

**What are the greatest challenges facing Deutsche Bahn regarding sustainable mobility and logistics?**

**Karl-Friedrich Rausch**\_\_ Fortunately, we can look forward to global growth. Yet that also means we need to be especially careful about the ecological impact we make. We not only offer transport services on rail, but also by road, water and air. The rail network we run is a complex infrastructure, and we are Germany's largest energy consumer. To adapt our networks to future challenges, we are spending a lot of money on modernizing our fleet, for example. Like most companies, we also have to tackle tasks relating to demographic change and our attractiveness as an employer. DB is one of Germany's largest employers and providers of training.

**What role does rail transport play in this?**

**Karl-Friedrich Rausch**\_\_ Rail is a strong pillar for us in developing climate-friendly solutions in passenger and freight transport. No other means of transport can match it for environmental compatibility. Our clear goal is to transfer more traffic to rail. The European Union has set unambiguous targets in this regard: By 2050, half of all passenger and freight transport above a distance of 300 km is to be shifted to rail and ship. In reaching that goal, it will be important to link the means of transport in a reasonable way. For Siemens, for example, we've developed a transport concept for delivering commuter trains to Russia by three means of transport: on land, water and rail.

**What is DB doing to make rail transport even more attractive and sustainable?**

**Karl-Friedrich Rausch**\_\_ The order we've awarded Siemens for the ICx is an important example of how we wish to make passenger rail travel more appealing and sustainable. We're jointly developing a high-speed train that offers customers greater comfort, can be made up flexibly in line with demand and saves energy thanks to better aerodynamics and lower weight. There are similar investments in our rail cargo fleet, for example our purchase of diesel locomotives with particulate filters. As I already mentioned, we at DB Schenker have also introduced Eco Solutions. One product from this series is "Eco Plus," with which we offer customers completely CO<sub>2</sub>-free rail transport.



We at Deutsche Bahn regard a corporate policy  
**geared toward sustainability** as not just being a social task.  
It is also vital to our commercial success.

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In the area of passenger transport, we offer the product “bahn.corporate Umwelt-Plus,” which enables completely CO<sub>2</sub>-free trips for business travelers. Our goal is to provide completely CO<sub>2</sub>-free rail transport by 2050. By 2020, the share of renewable energies in our electricity mix is to be 35%. We intend to reduce our specific CO<sub>2</sub> emissions 20% by then compared with 2006 – across all our means of transport. Those are all measures that will strengthen rail transport even more from an ecological perspective.

**What role do cooperation and partnerships play in that?**

**Karl-Friedrich Rausch** \_\_ One thing is clear: We can achieve our environmental objectives only by working together with our stakeholders, customers, suppliers and owners. The ICx is a good example of how Siemens and DB are working together with a sustainable approach. When we initially discussed the issue of sustainability in the summer of 2011, we held many valuable talks on best practices with other companies from both our sector and others. DB also backs the 2°C Initiative, in which entrepreneurs have joined forces to limit global warming to 2°C compared with pre-industrial levels through their business activities and by supporting policymakers.

**What can customers do to promote sustainable logistics and personal mobility?**

**Karl-Friedrich Rausch** \_\_ Our passengers and freight customers are key stakeholders and in some cases have highly diverse requirements. We also rely on their feedback so we can develop further and offer products that meet their needs. “Green” products are of worth only if people buy them, for example. Power from renewable sources is more expensive. We as a business enterprise can’t bear these costs on our own.

— **Karl-Friedrich Rausch** “Together with Siemens, we’re developing a high-speed train that – among other things – offers customers greater comfort, can be made up flexibly in line with demand and saves energy thanks to better aerodynamics and lower weight.”

Value chain: Customer

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## Efficient fleet for Deutsche Bahn

Siemens' proximity to markets all over the world makes it a strong local partner for its customers – the ICx train project is a partnership with new dimensions.



Siemens develops the ICx trains for Deutsche Bahn (headquarters in Berlin) at the Erlangen and Krefeld plants. Assembly of the first cars will begin in Krefeld in mid-2013.





- > **Ulrich Höbel (right)**  
Ulrich Höbel is in charge of the ICx project at Deutsche Bahn. Among other functions in the past, the vehicle engineer was responsible for redesigning the ICE1 and managed Deutsche Bahn's project for the second ICE3 series. He already knew Martin Offer from that project.
- > **Martin Offer (left)**  
Martin Offer is in charge of the ICx project at Siemens. Previously, the electrical engineer looked after the ICE 3 project at Siemens and was involved in development projects for high-speed trains and streetcars.



> In the ICE train to Krefeld, Germany

## A partnership with vision

### Siemens plant in Krefeld

Ulrich Höbel and Martin Offer know each other well. As managers of the ICx project at Deutsche Bahn and Siemens respectively, they and their teams have dealt with each other extensively and successfully. With a potential volume of up to 300 ICx trains by 2030, the contract signed in May 2011 is not only the biggest single investment in Deutsche Bahn's history but also the biggest order in Siemens' history.

The first ICx is due to leave the Krefeld plant for trials in mid-2015. However, many of the details are already being planned in depth on the computers at the factory.

**Ulrich Höbel** Mr. Offer, what can you already show me of the new ICx here today at the plant?

**Martin Offer** You won't see an ICx in production yet but you can see the Siemens Velaro D, which is an enhanced ICE 3 for Deutsche Bahn. Our design engineers are making good progress and the virtual ICx is nearly finished.

Illustration: ICx at Berlin Central Station



> Siemens plant Krefeld

#### [Plant in Krefeld](#)

Siemens builds regional and high-speed trains for the global market at its plant in Krefeld. Some of the roughly 2,200 employees at the location are engaged in research and development.



> Siemens plant Krefeld

- < In the virtual reality lab of the Siemens R&D department in Krefeld, design engineers can use 3D goggles to move through the new ICx well before production actually begins.
- ∨ 3D simulation is an integral part of the ICx development process and also of the coordination between Siemens and its suppliers. Later, the design data can be integrated directly in the production process.

**Ulrich Höbel** The 3D computer graphics of the ICx fascinated me when we were still negotiating the contract with Siemens. They let you make a very good assessment of many details at an early stage of the development process.

**Martin Offer** The virtual ICx is also worth a look now. Since then, we have obviously developed the train much further. And in parallel to designing the details, we are already using the 3D computer data to plan production here at the [Krefeld plant](#).

**Ulrich Höbel** And if I have understood your experts correctly, you can integrate the 3D design data directly in the assembly and service instructions.

**Martin Offer** Employees of Siemens and Deutsche Bahn can zoom into the details on screen to do complicated tasks quickly and precisely. That's what we at Siemens understand as a sustainable process chain in the rail industry.

**Ulrich Höbel** To support this process, Deutsche Bahn will be providing Siemens with the operating data for the ICx while the project is in progress.

**Martin Offer** We will be able to use this data to make the ICx even better in respect to costs, the production process and, last but not least, subsequent energy consumption – although current passenger trains are highly energy-efficient.

**Ulrich Höbel** Energy efficiency is an important factor for many environmentally aware rail customers – and for us as a company, too. Even after many years of improving our energy efficiency, Deutsche Bahn is still the biggest consumer of energy in Germany. And that has a major impact both on our operating costs and on our carbon dioxide footprint.

[Dr. Rüdiger Grube, CEO and Chairman of the Management Board of Deutsche Bahn AG](#) “In the ICx, we are laying the foundations for long-distance rail transport of the future and setting new standards when it comes to reliability, environmental friendliness and comfort.”



# 150

working days

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This is how long it takes on average at the Siemens plant in Krefeld from the start of the body shell for a Velaro D high-speed train to its handover to the test and validation center. The R&D, production engineering, production and assembly departments work with digital design data throughout the process. A PC at the assembly station supports printed diagrams and assembly instructions.



# 30

percent

less weight per seat than the ICE 2 – that is just one feature of the new ICx. With longer cars and the elimination of one gangway and two heavy bogies, the ICx is not only a world-beater when it comes to the use of space but is also lighter overall than trains of the same length. The photo shows the interior of a Velaro D.



> Siemens plant Krefeld

- < Construction of the body shell requires sound mechanical skills, precision and experience.
- ∨ Between the individual production stages, employees use a laser measurement system to inspect the body shells of end and intermediate cars, which can be up to 28 meters long.

#### Powercar

Powercars are driven intermediate cars that have all parts of an electric drive unit underneath – transformer, power converter, cooling system and traction motor. The 5- to 14-car ICx trainsets will be available in 24 configurations consisting of Powercars and unpowered cars.

**Martin Offer** The ICx consumes up to 30% less energy per seat than its predecessor. To achieve this, we have come up with many new ideas. For example, the train is comparatively light. By using longer cars, the Powercar concept and trailing bogies with inside bearings, we have reduced the weight of a 200-meter train by about 20 metric tons ...

**Ulrich Höbel** ... while increasing the seating capacity at the same time.

**Martin Offer** The ICx has seven long cars instead of eight conventional ones. So although the train stays the same length, it has fewer gangways and therefore provides space for up to 499 passengers. In addition, its lower weight and improved aerodynamics will reduce running resistance and, in turn, costs. On top of that, our Powercar concept allows Deutsche Bahn to configure the ICx to meet varying requirements.

**Ulrich Höbel** That will give us greater freedom when operating the trains. All train configurations are conceivable – consisting of 5 or up to 14 cars. Having more Powercars on routes with many starts and stops means that we will be able to accelerate faster and reach higher speeds.

**Martin Offer** But Mr. Höbel – a perfect passenger train must do more than just use little energy ...

**Ulrich Höbel** Naturally the trains must please or, even better, fascinate the passengers. People want to get on and off easily, sit comfortably in an environment with good acoustics and air conditioning and, of course, travel quickly, reliably and safely. And that is what they will get. From 2016 on, they will be able to travel on the most modern train in the world – the ICx.

**Martin Offer** At Siemens, we are very proud to have won the order for this ambitious ICx project. What led Deutsche Bahn to sign a contract extending until 2030?



> Siemens plant Krefeld



> Siemens plant Krefeld

< Maintenance of the new heating and power station at the Siemens plant in Krefeld. It generates electricity and heats the plant's paint shop and other factory sections.

**Ulrich Höbel** We want to cut costs in order to be more competitive. One way to help achieve this goal is to standardize our fleet. The ICx platform will gradually replace various train series, and will make up 70% of our seating capacity in long-distance passenger transport by the end of the contract period. It will simplify operations and maintenance. The best way of ensuring this is a long-term partnership.

**Martin Offer** The contract period is advantageous for both companies because we can use the data from ICx operations to improve trains scheduled for later delivery. Moreover, the planning certainty that we gain will enable us to set up a very efficient process to produce turnkey trains of high quality at an attractive price.

**Ulrich Höbel** As far as the new ICx is concerned, we have ordered design, engineering and production from a single source. From previous procurements of vehicles for long-distance transport, we are familiar with Siemens and its partners. In the final analysis, Siemens won the ICx order based on its overall package of technical concept and cost effectiveness.

**Martin Offer** Siemens strives to operate with very fair methods, so we insist that our suppliers and partners comply with the demanding Code of Conduct for Siemens Suppliers.

**Ulrich Höbel** We welcome the fact that the contenders for ICx orders committed themselves to comply with the code of conduct published by the German Railway Industry Association (VDB). Collaboration based on trust is key to the success of our long-term ICx partnership.

Code of conduct

In 2009, Siemens was the first member of the German Railway Industry Association (VDB) to sign the association's code of conduct.  
[www.bahnindustrie.info](http://www.bahnindustrie.info)



> Siemens plant Krefeld

< Heat recycling: Large circulating heat exchangers extract heat from the exhaust air in the production halls and use it to warm incoming fresh air.  
 > To protect the health of our employees, manipulators handle heavy work on the trains' body shells.





## Additional topics

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### > Energy-saving production

And it's not just the trains from Krefeld that save energy and are environmentally friendly. This is true of the Siemens plant itself: Between fiscal 2007 and fiscal 2011, the site reduced its yearly CO<sub>2</sub> emissions by 23% (4,700 tons) to just 16,000 tons. Other measures are currently being implemented. Each year, we expect them to reduce CO<sub>2</sub> emissions by an additional 2,500 tons and energy costs by €800,000. To begin with, we examined our offices and production halls on the basis of the Siemens Energy Efficiency Program and quickly came to the conclusion that it would be worthwhile to install our own heating and power plant. Since the fall of 2011, it has been generating electricity and delivering waste heat both for heating the production halls and drying the paint on the trains. This meant converting pumps and valves of the halls' air heaters to the latest energy-saving design, installing circulating heat exchangers, and insulating facades and roofs. A new central building management system generates further savings.

### > Ecofriendly logistics

Assembly of the first ICx is scheduled to begin in Krefeld in mid-2013. Siemens is already collaborating with its suppliers on an ecofriendly logistics concept. To this end, external storage facilities are being combined in a new central warehouse at the Krefeld plant. The goal is to use rail for transportation as much as possible. Body shells are no longer going to be delivered from a partner's plant in Görlitz by heavy-duty trucks. When combined in whole trains, they can be transported just as quickly by rail but with much lower energy consumption.

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Sustainability is our guiding principle, a key factor in all we do. Part I of the report provided information about sustainability along the value chain. In part II, selected indicators are used to show how Siemens performed in fiscal 2011 in its efforts to meet the economic, environmental and social demands placed on it. But first we'd like to present some cross-disciplinary topics to show you how sustainability is practiced and controlled at Siemens beyond classic organizational boundaries.

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# CO<sub>2</sub> management along the value chain

According to calculations by the Intergovernmental Panel on Climate Change (IPCC), the target of limiting the rise in global temperature to a maximum of 2 °C can be achieved if global emission of carbon dioxide is reduced 80% by the year 2050. Considering that energy-related 30.6 billion tons of carbon dioxide were emitted into the atmosphere worldwide in 2010, that is a huge challenge.

At Siemens we strive to reduce greenhouse gases at all stages of our value chain, and we regularly inform the public about the progress we have made. For this purpose we have been calculating greenhouse gas emissions from our own activities, our vehicle fleet and our power consumption in line with the international Greenhouse Gas Protocol Standard for a long time.

In the fall of 2011, the Corporate Value Chain (Scope 3) Standard of the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) was published, which acts as an accounting basis for the Company's greenhouse gas emissions throughout the value chain. Together with other companies, Siemens played an active part in the development and initial test phase of the new standard. As far as measures for reducing greenhouse gases are concerned, our Company sees three major spheres of influence: our own activities, our influence on suppliers and our possibilities for reducing customers' emissions with Siemens products and solutions.

## OUR OWN ACTIVITIES

We want to keep improving the energy efficiency of our plants and office locations. This is where we have the greatest direct influence and where efficient use of energy will directly reduce energy costs. Besides using electrical energy more efficiently, we can also influence greenhouse gas emissions through the emission factor of the power we buy. From 2007 to 2011, we pushed ahead with an environmental program that focused, among other things, on two main targets: to reduce the intensity of our carbon dioxide emissions by 20% and to improve our energy efficiency by 20%. Our internal Energy Efficiency

Program (EEP), which was launched in 2007, ensured that these targets were met (details are provided in the "Environmental protection" chapter on page 60). Our report gives examples from our plants in Krefeld (page 34) and Charlotte (page 24).

Company vehicles are another worthwhile approach when it comes to avoiding the production of carbon dioxide emissions. As early as 2009, Siemens was one of the first companies to issue a mobility guideline that sets incentives for using company vehicles with low fuel consumption. With this approach we intend to reduce the emission of carbon dioxide by our Company fleet's new vehicles in Europe to an average of 120 g/km by the year 2015 – a goal that includes not just cars, but also transport vehicles. As a comparison: In 2011 the average emission value for all newly registered Siemens cars in Germany was 136 g/km, which is already 10 g/km lower than the German average of 146 g/km.

All in all, we can be proud of the results of our efforts, as the current report shows: At 3.6 million tons<sup>1</sup>, our emission of greenhouse gases in fiscal 2011 remained almost on the same level as in the previous year even though Company revenue grew considerably.

## Suppliers

At Siemens, activities for climate protection address the entire supply chain. Using models that consider the energy efficiency of purchased materials and supplier products, calculations were made in the test phase of the Scope 3 standard along the Siemens supply chain (i.e. from the raw material sources to our plants). These calculations showed that four to six times more greenhouse gases were emitted than in our own manufacturing operations. These figures show the significance of suppliers for climate and environmental protection. Obviously we have less influence on their emission of greenhouse gases than on our own activities, but we do support them in their efforts to restrict energy consumption and reduce emissions. To this end, we are gradually extending our internal Energy

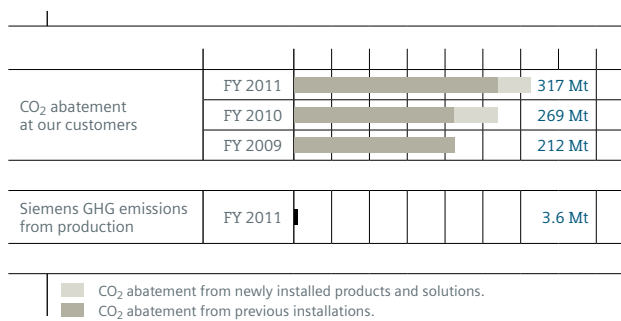
<sup>1</sup> Measured on the basis of the GHG Protocol according to Scope 1, Scope 2 and Scope 3 (travel).

An average of **22** percent –  
 that's how much Siemens increased the global carbon dioxide  
 efficiency of its production plants between 2006 and 2011.

Efficiency Program to our suppliers. The Energy Efficiency Program for Suppliers (EEP<sub>4</sub>S) identifies and assesses the potential for energy savings in production processes. Pilot projects have shown that consumption can be cut by up to 17%, which is also financially attractive for suppliers. More details are provided in the "Suppliers" chapter on page 74 and in our supplier report from China on page 14.

**CUSTOMERS**

With the help of energy efficiency programs and environmental management systems, we work constantly on using energy as economically as possible in our value chain. However, our products and solutions are our biggest lever when it comes to environmental protection. They enable our customers to lower their energy costs while improving their carbon dioxide footprints. All products, systems, solutions and services that reduce negative environmental impacts and climate change-inducing emissions of carbon dioxide have been bundled in the Siemens Environmental Portfolio.



Our target for 2011 was for the Siemens Environmental Portfolio to help our customers save about 300 million tons of carbon dioxide emissions a year. With all the products and solutions from our Environmental Portfolio that have been installed for customers since fiscal 2002 and are still in use, we managed to surpass this target: We helped our customers reduce their carbon dioxide emissions by 317 million tons in fiscal 2011 – a quantity nearly 90 times the sum of our own emissions, and

roughly equivalent to the total annual carbon dioxide emissions of Berlin, Delhi, Hong Kong, Istanbul, London, New York City, Singapore and Tokyo.

In addition to its environmental benefits, our Environmental Portfolio enables us to compete successfully in attractive markets and generate profitable growth. We set ourselves an ambitious growth target in fiscal 2010: We want to increase revenue from our Environmental Portfolio to at least €40 billion by the end of fiscal 2014. In the first stage – fiscal 2011 – we have already earned revenue of €29.9 billion. More and more research and development projects at Siemens involve products and solutions that enhance our Environmental Portfolio. See the "Innovations" chapter, which begins on page 54, for information about our investments in research and development

You can find more information on the Siemens Environmental Portfolio at:  
[www.siemens.com/environmental-portfolio](http://www.siemens.com/environmental-portfolio)  
[www.siemens.com/environmental-portfolio-report](http://www.siemens.com/environmental-portfolio-report)

**OPPORTUNITIES**

Targeted carbon dioxide management throughout the value chain opens up outstanding opportunities for Siemens. By cutting carbon dioxide emissions in our own manufacturing operations as well as at our suppliers and, in particular, at our customers, we can make a major contribution to climate protection. The management consulting firm McKinsey assessed the technical opportunities to reduce greenhouse gas emissions significantly in 2030 compared to levels expected under a "business-as-usual" development. The result: Our current technology portfolio already covers 37% of these opportunities. In addition, our products and solutions enable us to reduce both our own and our customers' energy costs and tap new and sustainable fields of business.

Together with our customers and partners, we are working to improve healthcare throughout the world and, in this process, are focused on two main challenges: the aging population and increasing disease chronicity. Our goal is to deliver the right answers to these challenges, not just for today but also for the future.

We all know health systems need to operate much more efficiently and effectively in the future in order to meet the above-mentioned challenges in a sustained manner. Fortunately, this is feasible – and with the potential for very positive results – thanks to increasingly personalized medicine based on ever more accurate diagnoses, genetic and metabolic data, and associated risk profiles. Preventive measures and earlier diagnoses will be possible, therapy phases can become shorter, treatments can cost less, the quality of life can be enhanced, and health budgets can be relieved considerably.

At Siemens, we are focused on three key initiatives: first, supporting the fight against the world's most threatening diseases; second, improving healthcare quality and productivity; third, enhancing access to healthcare. In the future, we will be reporting on progress in these three fields every year, using internal key performance indicators that we are documenting in this report for the first time as basic figures for 2011.

## FIGHTING THE MOST THREATENING DISEASES

According to statistics published in 2011 from the World Health Organization (WHO), about 30% of all deaths can be attributed to cardiovascular diseases, 15% to cancer, and 15% to infections. Our healthcare technology solutions can help clinicians fight these diseases. Worldwide, more than 75 million people benefit from their use to diagnose and treat heart attacks, strokes, HIV/AIDS, tuberculosis, and breast and lung cancer<sup>1</sup>.

The following example shows the importance of our medical systems. According to the WHO, every year almost 15 million people around the world suffer a stroke. Five million of them die directly afterwards and another five million suffer lasting

harm such as paralysis, blurred vision or speech, and difficulty in comprehension. A complete recovery is only possible with very rapid diagnosis and treatment. Our computed tomography (CT) scanners and magnetic resonance imaging (MRI) systems offer support for fast diagnoses in emergencies. And during treatment, our angiography and ultrasound systems can provide information about treatment efficacy while our laboratory equipment provides additional answers throughout the treatment and rehabilitation processes.

We make comparable contributions when it comes to breast cancer: In preventive screenings, Siemens imaging systems help confirm or disprove suspected cases, and Siemens technologies help physicians make exact diagnoses – for instance via image-guided biopsies or diagnostic nuclear medicine (PET-CT) – and monitor the therapy and progress of recuperation through tumor markers and the patient's blood values.

Siemens has set a specific target: By 2014, we intend to have our solutions used to diagnose or treat more than 90 million people with the following six medical conditions: heart attack, stroke, breast cancer, lung cancer, HIV/AIDS, and tuberculosis. In this way, we hope to help enable better patient care for the world's most threatening diseases.

## IMPROVING QUALITY AND PRODUCTIVITY IN HEALTHCARE

Throughout the world, Siemens products were used to examine or treat roughly 180,000 patients per hour in 2011<sup>2</sup>. As our solutions become even more efficient through our innovative engineering, we intend to raise this figure to more than 200,000 patients by 2014 and thus significantly improve healthcare quality and productivity.

Expenses for healthcare are increasing at a higher rate than the gross domestic product (GDP) in many highly developed countries. According to the OECD, for example, healthcare expenses in OECD countries as a proportion of GDP rose from 7.8% to 9.5% between 2000 and 2009; in the United States they

Over **75** million patients  
suffering from a heart attack, stroke, breast cancer,  
lung cancer, HIV/AIDS or tuberculosis were examined  
and treated with Siemens medical products in 2011.

even constituted 17.4% in 2009 (OECD Health Report 2011). People in developed countries are expected to live longer in the future and the demand for high-quality health services will continue to grow. However, a broad availability of services can only be ensured if costs remain affordable. One way to achieve this is to enhance healthcare efficiency. The potential is well known: as the WHO's World Health Report 2010 states, 20% to 40% of all global healthcare expenses are currently wasted due to inefficient systems.

Siemens offers pioneering solutions in this field as well. For example, *syngo*<sup>®</sup>.share<sup>3</sup> is a product that allows clinical imaging data in various file formats to be distributed and managed quickly and efficiently. That means clinics and medical practices can share imaging data, and physicians know immediately which images are available for their patients. This rapid access helps to improve the quality of treatment and saves precious time.

### PROVIDING ACCESS TO HEALTHCARE

More than 830 million people had access to Siemens imaging systems in 2011<sup>4</sup>. However, our goals are much more ambitious: We want to give more than one billion people access to our imaging systems by 2014. In addition to greater use of existing X-ray devices, CT scanners, and MRI systems, we want to improve basic healthcare in less developed countries through inexpensive medical technology.

An example of how we are accomplishing this comes from China. Since 2005, Siemens has been successful there with the SOMATOM Spirit CT scanner. We adapted leading CT technology to the demands of basic care for less developed health systems.

The SOMATOM<sup>®</sup> Spirit is easy to operate, very reliable, and exceptionally cost effective. This concept not only convinced our customers in China, where more than 700 SOMATOM Spirit scanners are in use, but we also export much of the production in Shanghai to developing regions around the world.

Often, these regions are already looking for technology that takes them beyond basic care. In addition, global demand for cost-optimized, first-class solutions is growing. We met this need by launching the SOMATOM Perspective at the end of 2011<sup>5</sup>.

All this shows how we are working to help clinicians and healthcare facilities throughout the world advance healthcare. As our mission states: "We innovate to advance human health" because good health provides all of us with the potential to lead happier lives and fulfill our dreams.

- 1 We based the calculation on the active installed base of Siemens equipment used for the diagnosis and in the treatment process of stroke, heart attack, lung cancer, breast cancer, TBC and HIV/AIDS. Only equipment used in line with strongest recommendations in accepted medical guidelines is included.
- 2 We based the calculation on the active installed base of Siemens imaging equipment and the associated utilization rates. Additionally, the worldwide in vitro diagnostic test volume was considered, adjusted by the average number of tests per patient.
- 3 *syngo.share* is a medical device of ITH icoserve technology for healthcare GmbH, Innsbruck, Austria. *syngo.share* currently is not available in all countries.
- 4 We based the calculation on the number of installed Siemens CT systems in 113 developing countries (UN HDI < 0.785). Population covered per CT was derived from CT density in selected countries.
- 5 Under FDA review. Not available for sale in the U.S.

In many markets around the world, Siemens engages in Collective Action with other companies and institutions to combat corruption and promote fair competition. The Siemens Integrity Initiative plays a key role in this regard. Its objective is to strengthen the already close cooperation among the various players and to fight corruption and fraud by means of well-defined projects. In the first round, we are supporting 31 projects throughout the world with contractually agreed total funding of US\$37.7 million. We concluded support agreements with our integrity partners in fiscal 2011. Implementation of the projects has begun, and we can present initial positive results here with reference to three sample projects.

On July 2, 2009, the World Bank Group announced a comprehensive settlement with Siemens. As part of the settlement, we agreed to cooperate in changing industry practices, clean up procurement practices and engage in Collective Action with the World Bank Group in order to fight fraud and corruption. We made US\$100 million available for the Siemens Integrity Initiative. It will be used over the next 15 years to support organizations and projects that are dedicated to promoting clean markets and fair competition and that impact business sectors and countries in which Siemens operates. The initiative was launched on International Anti-Corruption Day on December 9, 2009, when for the first time we issued a global request for proposals for projects in the following two areas:

- > **Collective Action:** The focus here is on projects that create alliances between the public and private sectors with the goal of strengthening compliance standards.
- > **Training and continuing education:** These projects are to extend competencies and promote a culture of integrity as well as the exchange of knowledge between institutions and stakeholder groups.

The initial response was impressive: In the first round, about 300 applications were received from 66 countries. From these, we selected a shortlist of applicants and invited them to

submit detailed project proposals. After careful examination, we chose 31 projects in a transparent process and concluded funding agreements in fiscal 2011. The total volume of funding for the first round is US\$37.7 million. Detailed profiles of all projects supported by the Integrity Initiative, including the amount of money allocated and a complete description of the selection criteria, are available on our corporate Website at: [www.siemens.com/integrity-initiative](http://www.siemens.com/integrity-initiative). Information is also available there about the latest activities of the Initiative. Some examples are given below to illustrate the breadth of the supported projects.

## **INSTITUTO ETHOS – BRAZIL: TAKING A STAND IN THE BATTLE AGAINST CORRUPTION**

Transparency and efficiency in the awarding of contracts for infrastructure projects related to the FIFA World Cup in 2014 and the Olympic Games in 2016 – that is the goal of our integrity partner in Brazil. Instituto Ethos is dedicated to achieving greater transparency in the awarding of public contracts, higher standards of integrity in relationships between the public and private sectors and, not least, stronger civil control measures in the awarding of contracts.

Siemens is supporting the project for five years with a sum of US\$3.11 million. In the first year, a cross-industry dialogue was initiated between the public and private sectors and civil society at the national and local levels to promote broad support for the project. The pact for integrity and industry agreements were presented to companies and the general public in an extensive campaign. Our integrity partner has ensured that local committees are founded at the venues of the upcoming large events for the purpose of examining local awarding practices on the ground. Three nationwide committees deal with Collective Action and specific issues, including the social responsibility of sponsors, investors and other financial backers of the two sports events.



US\$

37.7

million: this is the amount

of support agreed with our integrity partners  
in the first round of the Integrity Initiative.

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#### **MAKATI BUSINESS CLUB (MBC) – PHILIPPINES: MORE INTEGRITY FOR SUSTAINABLE DEVELOPMENT**

The Shine Project of our integrity partner MBC aims to foster joint commitment by domestic and foreign companies in the Philippines to combat corruption and promote sustainable development: All companies are to be able to work in the Philippine market under fair conditions.

Siemens will be supporting this initiative with US\$1.04 million over four years. The MBC's project partner is the European Chamber of Commerce of the Philippines. The highlight of the project's activities in the first year was the signing of an Integrity Pledge at a public event in September 2011. More than 800 companies and 25 government agencies and ten industry associations have signed the pledge thus far. In addition, the MBC began formulating an extensive code of conduct for Philippine businesses. In a further focus area, our integrity partner devoted its energies to encouraging government institutions to collaborate in two future activities. First, the code of conduct for the Philippine business world is to be closely intermeshed with legal requirements. And second, the MBC intends to work with its project partner to support the Philippine government in developing its own anti-corruption program.

#### **NEW CENTURY ACADEMY ON TRANSNATIONAL CORPORATIONS (NATC) – CHINA: INTENSIFYING DIALOGUE AND PRACTICE SHARING**

An intensive dialogue between government and business, recommendations for compliance legislation, and practice-driven compliance training for domestic companies – these are the objectives of the project launched by our integrity partner NATC in China.

The Siemens Integrity Initiative is supporting the project of the organization – founded in 2005 – for a period of three years with US\$0.89 million. The project kicked off with a campaign intended to win local partners. Analyses of Chinese and foreign legislation as well as of the management practices of Chinese and multinational companies supplied valuable information on proven compliance solutions and the latest trends for use in

subsequent project activities. Our integrity partner examined the challenges for the management of Chinese companies operating in selected high-risk countries; the NATC handed over the report with its key results to the Chinese government authorities. To intensify the dialogue regarding integrity between government agencies and companies as well as multinational companies in China, and to discuss international trends in this field, our integrity partner has initiated a discussion platform for these players (Compliance Executive Club).

#### **INITIAL POSITIVE DEVELOPMENTS AND VALUABLE EXPERIENCE**

The diverse initial successes and performance of the projects to date show us that, together with our integrity partners and thanks to the support of the Siemens Regional Companies, we have made solid progress with the complex and demanding Siemens Integrity Initiative. Work on this project requires all parties involved to learn from each other and find joint solutions. Managing such a global initiative comprising 31 projects in many countries, and working with a large number of external and internal parties, also marks new ground for Siemens – as a key element of our compliance management as well as in its dimension as part of our global engagement for sustainable development. The experience our Company gains from working with the integrity partners is just as diverse and valuable. We would like to take this opportunity to thank all of them for their work so far.

With our commitment to Collective Action and Siemens' Integrity Initiative, we are pursuing a clear goal: We intend to make a long-term contribution to fighting corruption and promoting clean markets beyond the boundaries of our Company – together with other stakeholders. This goal will guide us in the future as well.

# Stakeholder dialogue with Robert Greenhill



> **Robert Greenhill**

Robert Greenhill is Managing Director and Chief Business Officer at the World Economic Forum. His work areas include the role of business in society, sustainability issues, and the fight against corruption.

## The Partnering Against Corruption Initiative (PACI) of the World Economic Forum is a global anti-corruption initiative offering a platform for companies to assist them in developing internal anti-corruption measures and to facilitate Collective Action with other companies, governments and civil society.

Mr. Greenhill, experts estimate that the cost of corruption equals more than 5% of global GDP (US\$2.6 trillion), with over US\$1 trillion paid in bribes each year. Who pays the bill – and how are companies affected?

**Robert Greenhill** \_\_ In addition to the direct costs, we should also consider the consequences of corruption: It distorts markets, stifles growth, debases democracy and undermines the rule of law. It erodes the confidence of a society in its government and business leaders. The Arab Spring was in part a reaction against corruption between business and government. It is almost impossible to express these impacts in financial figures. But I'm sure the total would be far beyond the numbers you mentioned.

Klaus Schwab, the founder and Executive Chairman of the World Economic Forum, has repeatedly emphasized the role businesses could or rather should play in helping strengthen good public governance. Besides this concept of Corporate Global Citizenship, is there a

specific business case for companies to engage in Collective Action against corruption?

**Robert Greenhill** \_\_ Corporate Global Citizenship encourages companies to engage with other stakeholders in addressing critical global issues. These issues are too complicated and inter-related to be addressed in isolation. Corruption is a clear example. Collective Action with other businesses is necessary to ensure that industry sectors work together to eliminate corruption. Collective Action with civil society and government is necessary to ensure the right laws are in place and are being implemented. The business case for global companies is clear – some of the fastest growing economies in the world today are among the most corruptive. Companies cannot ignore these markets, nor can they accept the historical level of corruption. Collective Action to fight corruption is a robust strategy that enables companies to engage in important emerging opportunities while maintaining the highest business principles.

In November 2011, political leaders met at the G20 Summit in Cannes. Their final communiqué underlined the need for strong anti-corruption legislation as a mandatory framework for helping clean up the markets. How effective are voluntary standards like the PACI Principles for Countering Bribery, and how do they complement national legislation or international conventions?

**Robert Greenhill** \_\_ The PACI Principles are a best-practice framework for developing and implementing a corporate anti-corruption program. They are the backbone of the PACI value proposition calling for an action and implementation-focused approach to tackling corruption. I would say the PACI Principles are an important complement to national and international conventions for at least three key reasons:

1. Through the peer exchange resulting from implementation of the Principles, companies are continually exposed to the latest best practices in anti-corruption and corporate ethics – and these are usually more stringent than national and international standards.
2. When companies sign and implement the PACI Principles, they level the business playing field in their locality, industry or region. The Principles also play a key role in actualizing international conventions such as the UN Convention Against Corruption as well as national legislation.
3. Signing and implementing the Principles is an explicit signal from management that a company is committed to anti-corruption and ethics. In turn, the

Global companies have a vital role to play in combating corruption. Their global perspective means they can apply best practices from other regions, and are less vulnerable to local pressures. They can increase their impact through joining forces within the business sector and through collaboration with the public sector and civil society. **Siemens' Collective Action** activities provide encouraging evidence of this.

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company is recognized for having the correct 'tone at the top,' an important consideration in legislation like the Foreign Corrupt Practices Act in the U.S. and the Bribery Act in the U.K.

**Changing the rules of the game is a challenge, even when companies join forces and begin tackling the issue of anti-corruption collectively and across sectors. What actions should companies like Siemens take, and what outcomes can companies expect within which time frame?**

**Robert Greenhill** — It has become increasingly clear that the fight against corruption is not a preserve of any one stakeholder. Companies, governments and other stakeholders such as civil society have to work in concert. Challenges abound, such as the classic prisoner's dilemma when companies may hesitate to be the first to engage in anti-corruption activities for fear of losing business. In this context, corporate leadership is extremely important. Siemens has demonstrated leadership in various ways. For example, in recent years it has demonstrated that a company can maintain state-of-the-art anti-corruption practices while competing successfully around the world. Moreover, Siemens is sharing best practices. Evaluating third-party business intermediaries has become a critical compliance concern for global businesses, particularly since the UK Bribery Act took effect last July 1. At a recent PACI meeting, Siemens presented its innovative Business Partner Compliance Process and

Tool which introduces a structured, risk-based methodology for evaluating and approving suppliers, contractors and other third parties. PACI signatories had an opportunity to learn from Siemens' considerable experience in this area. Finally, Siemens has been substantially supporting Collective Action. Siemens' US\$100-million Integrity Initiative is helping back key initiatives on a global basis. The company is also contributing senior executive time to support Collective Action. Peter Solmssen, for example, is playing an important global role, including serving as vice-chair of the World Economic Forum Global Agenda Council on Anti-Corruption, which develops and advocates international anti-corruption policy. The best way for companies to engage and commit is for their CEO and Board to declare that anti-corruption is a strategic issue that must be addressed proactively, rather than a control issue to be managed reactively. It is not an issue that will be resolved overnight. However, changes have been significant and accelerating over the last few years.

— **Robert Greenhill** “Convincingly addressing the scourge of corruption is one of the best ways for companies to build trust with communities around the world.”

## REPORTING APPROACH

Our Sustainability Report 2011 describes the strategy, organization, initiatives and goals for ensuring sustainability at Siemens. It not only continues and supplements last year's Sustainability Report, but also serves as our annual progress report on implementing the United Nations CEO Water Mandate and the Global Compact's ten principles at the Company. In addition, our Report is oriented to the recommendations of the Global Compact and Transparency International regarding anticorruption reporting.

## REVIEW PERIOD AND REPORT BOUNDARIES

This Report is based on activities during Siemens' fiscal 2011 (October 1, 2010 – September 30, 2011). Any exceptions are indicated as such. In general, all of our fully consolidated companies are covered by the Report. Here, too, possible exceptions regarding the data are indicated and explained. Minority equity investments are not included in our sustainability reporting. To provide an up-to-date picture of the Company, we also include information about important developments in fiscal 2012 up to the editorial deadline on March 1, 2012.

During fiscal 2011, we announced our plan to publicly list our subsidiary OSRAM AG. Following this move, we classified the business as a discontinued operation. The change was included in all disclosures on continuing operations in the present Report. In general, however, the reported information relates both to discontinued and continuing operations; deviations from this are indicated.

## DATA COLLECTION

Given Siemens' size and global spread, gathering data poses a major logistical challenge. Moreover, our companies throughout the world are required to comply with local regulations concerning the compilation and definition of performance figures, which means that the generated data is not always comparable. Where applicable, we point out any significant limitations in the information presented in the Report. As a rule, no company-wide standards exist for the information published in the Sustainability Report. This applies in particular to specific financial figures, including, for example, the revenue attributable to the Siemens Environmental Portfolio. As a result, these figures may not be comparable with the data published under the same or similar designations by other companies. The data published in our Sustainability Report is collected through various internal reporting systems which,

for the most part, are different from those applicable to the financial information presented in our Consolidated Financial Statements. In particular, the standards and controls applied and the computer systems used during the preparation of the data can be less comprehensive in comparison. We reserve the right to change our internal guidelines regarding the inclusion of data in the Sustainability Report without prior announcement.

## EXTERNAL REVIEW

Not only have we prepared our Sustainability Report to high quality standards, but we have also gone beyond typical industry practices by voluntarily commissioning a full and independent audit of the Report by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft (PwC). The auditors' Independent Assurance Report can be found on page 80. For such limited assurance reviews, which provide a limited degree of certainty, the review procedures are not as extensive as for a review of our financial reporting. The auditors merely confirm that nothing has come to their attention during the audit that would cause them to believe that the information contained in the Report departs materially from the relevant sustainability reporting requirements.

## EDITORIAL NOTICE

All references to tons in the Sustainability Report refer to metric tons.

# Facts and figures

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70 Employees

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74 Suppliers

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76 Corporate citizenship

Innovations are a mainstay of Siemens' business success; they have always played a key role in mastering sustainability challenges. By making innovation a task with central importance, we ensure that we maintain and expand our leading market position as an integrated technology company.

Our research activities are aimed at developing the necessary trailblazing technologies that enable Siemens to take a leading position in innovation- and technology-driven growth markets. To do that, we need the world's best experts as well as an open innovation strategy that also encourages collaboration with external partners.

## RESEARCH AND DEVELOPMENT A CORE TASK

At Siemens, Managing Board member and Chief Technology Officer (CTO) Klaus Helmrich has responsibility for the Corporate Technology unit (CT). This underscores the great importance that innovation management has at the Company. Our innovative strength is regularly a topic at the Managing Board's annual strategy meetings, for example. In fiscal 2011, we retained the three focal areas of our research and development activities (R&D): (1) ensuring long-term future viability, (2) enhancing technological competitiveness, and (3) optimizing the allocation of R&D resources.

In fiscal 2011, intelligent innovation management again contributed to developing key technologies and getting important innovations ready for the market. Here are just a few examples. Our new electrolyzer makes it possible to store excess electrical energy generated by wind turbines as hydrogen and is thus an important energy storage component for the future. The newest generation of gas turbines achieves an efficiency rate of 60.75% and output of 570 megawatts in combined-cycle operation. High-voltage direct-current transmission (HVDC) can transport electricity with little power loss over thousands of kilometers with a world-record transmission voltage of 800,000 volts. And with our new blood test, the level of vitamin D in the body can be measured in just a few minutes.

Working with a worldwide network of experts, the task of Corporate Technology (CT) is to act as a strong innovation partner for the operating units of Siemens and to secure the technological future of the Company through expertise in strategically important fields. To that end, CT is positioned in globally operating technology areas: To that end, CT is positioned in globally operating technology areas: software architectures and IT platforms, IT security, data monitoring and analysis, imaging and automation and communication technologies.

Additionally there are material research, electronics, sensor systems, drive technology, energy conversion and energy management. The technology portfolio is enhanced with lighthouse projects designed to generate new business opportunities; these include electromobility, intelligent power networks (smart grids), the use of low-temperature waste heat and the processing and recycling of raw materials as well as the development of alternatives to raw materials – all topics of great strategic importance.

One important company-wide task of CT is to leverage synergy effects among the various technologies and application areas of the operating units and to maintain and expand contacts to universities and other research institutions. Scientists from RWTH Aachen, for example, are working with Siemens engineers in one of the first external Siemens research areas on methods and processes for the efficient and environmentally friendly production of the rare earth minerals used in permanent magnets. Among the objectives here are the reliable assessment of alternative deposits, the development of sustainable methods for extracting these minerals, carrying out lifecycle analyses for the extraction of rare earth deposits, and formulating efficient methods for their reuse.

## MAKING THE MOST OF EMPLOYEE KNOWLEDGE

We value the knowledge and creativity of each and every Siemens employee. We also employ unconventional means to tap these valuable assets for research. This includes in-house, Internet-aided idea competitions as well as social media, which enable the effective use of the knowledge and innovation potential of Siemens employees. On the social media platform Technoweb, for example, any employee can issue an urgent request and receive an informed answer in just a few hours. This saves time and money and is a way of making the knowledge of an integrated technology company available to everyone. In addition, each year we award the titles of "Top Innovators" and "Inventor of the Year." In November 2011, we honored the twelve outstanding Siemens inventors of fiscal 2011, who together accounted for 730 invention reports and 636 individual patents. At the same time, CT actively supports the work of innovation workgroups, in which we support the patenting of innovations, for example. This helps us expand our patent portfolio, develop new products and solve technical problems.

## RESEARCH AND DEVELOPMENT FIGURES

With our R&D activities, we pursue the goal of further increasing our innovative strength. In fiscal 2011, Siemens invested €3.925 billion in research and development in continuing operations. As a result, the R&D intensity, i.e. the ratio of R&D expenses to revenue, was 5.3% and thus higher than in the fiscal years 2010 and 2009 (5.2% and 5.1%).

### Figures for research and development<sup>1</sup>

	FY 2011	FY 2010	FY 2009
Spending on R&D (in billions of €)	3.925	3.558	3.597
R&D intensity <sup>2</sup>	5.3%	5.2%	5.1%
Inventions <sup>3</sup>	8,600	7,900	7,100
First patent applications <sup>4</sup>	4,300	3,700	3,700
Patents granted	53,300	51,400	49,600

- 1 Continuing operations; previous years adjusted to be comparable.  
 2 R&D intensity is defined as the ratio of R&D expenses to revenue.  
 3 Number of inventions submitted by Business Units based on an internal reporting.  
 4 First filings as part of the inventions submitted to patent offices.

In carrying on research and development at the Company, the Sectors concentrate their R&D efforts on the next generation of their products and solutions and prepare them for market launch. The Industry Sector invested €1.6 billion with an R&D intensity of 5.0%, the Energy Sector €1.0 billion with an R&D intensity of 3.5%, and the Healthcare Sector €1.2 billion with an R&D intensity of 9.4%.

In fiscal 2011, we had an average of some 11,800 R&D employees in Germany and another 16,000 R&D employees in about 30 countries outside of Germany, including the U.S., China, Austria, India, Slovakia, Switzerland, the U.K., Croatia, Sweden, Denmark, Mexico and France.

### Position in patent office statistics<sup>1</sup>

	2010	2009	2008
Germany (DPMA)	3	3	2
Europe (EPO)	1	2	2
U.S. (US PTO)	9	13	12

- 1 Complete figures for calendar year 2011 were not available from the patent offices as of the publication date. Sources: DPMA (German Patent and Trade Mark Office): published patent applications, EPO (European Patent Office): patent applications, IPO (Intellectual Property Owners Association): patents granted.

Worldwide, Siemens holds about 53,300 patents (continuing operations) – in the previous year that number was about 51,400 (on a comparable basis). The number of published patent filings put Siemens in third place in the statistics compiled by the German Patent and Trade Mark Office (DPMA)

for calendar year 2010 and – for the first time in the Company's history – in first place in the ranking of the European Patent Office (EPO). The statistics published by the US Patent and Trademark Office (US PTO) show Siemens in ninth place for the number of patents granted in calendar year 2010. This marked the first time since 2005 that we were ranked among the top ten. By comparison: in calendar year 2009 Siemens ranked third at the DPMA, second at the EPO and thirteenth at the US PTO. [www.siemens.com/sr/innovation](http://www.siemens.com/sr/innovation)

Business success is a key element of sustainability. And decisive for business success are long-term customer partnerships and a strong local presence in the markets where our customers operate. One Siemens, our framework for sustainable value creation, concentrates on serving innovation-driven growth markets and, at the same time, steadily expanding our customer-oriented Environmental Portfolio.

## THE ENVIRONMENTAL PORTFOLIO IS A KEY DRIVER OF SUSTAINABLE GROWTH

Thanks to the close relationships cultivated with our customers, we develop a considerable share of our portfolio directly with them, and often even in their own companies. This applies in particular to our Environmental Portfolio, in which we bundle all those products, systems, solutions and services that make particular contributions to environmental and climate protection. They can be divided into three main categories:

- > First, products and solutions with especially high energy efficiency, such as combined cycle power plants or intelligent building systems;
- > Second, equipment and components for renewable energies, such as wind turbines and solar power plants; and
- > Third, environmental technologies for the provision of clean water and air.

The qualification of products and solutions for our Environmental Portfolio is based on defined processes and strict criteria. Once a year, the Siemens Sustainability Board approves changes in the composition of the Portfolio. In fiscal 2011, for example, we added maintenance and repair for highly efficient gas turbines.

In fiscal 2011, we generated revenue of €29.9 billion with Portfolio offerings – an increase of approximately 9% over the previous year's revenue of €27.4 billion.

Within the framework of One Siemens, we have set ourselves a highly ambitious growth target: By the end of fiscal 2014, we intend to exceed €40 billion in revenue with our Environmental Portfolio – and we will continue to strive for this goal even though it will be more challenging to achieve due to our planned initial public offering of OSRAM AG.

For more information on the Siemens Environmental Portfolio, visit: [www.siemens.com/environmental-portfolio](http://www.siemens.com/environmental-portfolio)

Yet this Portfolio is also intended to help our customers reduce their carbon dioxide footprints, cut their energy costs and improve their profitability through an increase in productivity. Our target for 2011 was to help our customers reduce their annual carbon dioxide emissions by 300 million tons. With all the Environmental Portfolio elements that have been installed at customer locations since the beginning of fiscal 2002 and are still in use, we have exceeded our goal: By the end of fiscal 2011 we reduced customer carbon dioxide emissions by 317 million tons.

### Customers and portfolio

	FY 2011	FY 2010 <sup>1</sup>	FY 2009 <sup>1</sup>
Revenue generated by the Environmental Portfolio (continuing operations; in billions of €)	29.9	27.4	26.8
Accumulated annual customer reduction in carbon dioxide emissions generated by elements from the Environmental Portfolio (continuing and discontinued operations; in millions of tons)	317	269	212
Number of Market Development Boards (MDBs) established in conjunction with industry-specific management of key accounts	13 <sup>2</sup>	14	11

- 1 Revenue and CO<sub>2</sub> reductions adjusted for comparability due to changes in the portfolio.
- 2 We closed our Market Development Board for public authorities in 2011 due to changes in the portfolio.

## SUCCESS ON THE BASIS OF LONG-TERM CUSTOMER RELATIONSHIPS IN A SPIRIT OF PARTNERSHIP

Sustainable customer relationships are the basis for all our business, and have been for over 160 years. We employ a structured key account management approach throughout the Company to look after our major customers. This means that we tailor our products and solutions to the size and regional site structures of our customers, but we also ensure that our key account managers continually develop Siemens' relationships to its customers and secure them over the long term. Key account managers are evaluated on the basis of the growth of these customer accounts. The Market Development Boards (MDBs) steer the key account managers. In concrete terms, employees from a variety of Business Units come together here, concentrating on customer segments such as the automotive industry, data centers or power utilities. With this approach, we can offer a comprehensive spectrum of products and services from all our portfolio elements and from a single source.



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Our Business Units bear worldwide responsibility for their business, that is, for their revenue and profits. This benefits customers of every size. Small and medium-sized enterprises and organizations – and they represent the majority of Siemens customers – receive local support. Our large international sales force, whose work is steered by our regional Clusters and Regional Companies, ensures that our business-specific sales strategies are implemented. Customers with major contracts or large-scale projects, in contrast, are served directly from the headquarters of the respective Business Unit.

In addition, we regularly assess the strategic importance of the market opportunities available to our Company. The Siemens Sales Board determines whether the key account managers have met their targets and makes sure that within Siemens, synergies in customer management are maximized.

This approach is supplemented by our Executive Relationship Program, in which all members of the Company's Managing Board stay in direct contact with selected customers and maintain an ongoing dialogue with them to make certain they are always familiar with customers' needs.

Thanks to these activities in particular, new orders in our key account business have enjoyed growth that greatly exceeds the average.

### **IMPROVING CUSTOMER SATISFACTION**

Our business success is critically dependent on the satisfaction of our customers. For this reason, we measure customer satisfaction in every unit of the Company. During the year under review, we used the Net Promoter Score (NPS) once again as a uniform standard for this purpose. This internationally recognized and commonly applied managerial performance indicator, which we determine annually on a worldwide basis by means of customer surveys, measures the referral rate of our customers. Our internal NPS target system, which is based on business-specific, regional and industry benchmarks, is used to set the target values for the Sectors and Clusters. The NPS for 2011 was based on the results of more than 25,000 interviews. As planned, this represents a strong increase over the approximately 18,500 interviews conducted the previous year. We use the results to strengthen our customer orientation and develop concrete measures for improvement together with our customers, using their feedback as a basis. For example,

we have succeeded in shortening response times to customer inquiries and speeding up deliveries. When implementing measures such as these, we place a high value on our long-term response to the information needs and comments of our customers in line with a customer support approach aimed at continuity.

Our customer management system has also been recognized by outside institutions. In 2011, for example, Siemens was once again ranked first in Customer Relationship Management in the "Diversified Industrials" category of the SAM Dow Jones Sustainability Index. In addition, the Strategic Account Management Association (SAMA) designated our key account management program the "Key Account Management of the Year" for 2011.

### **ASSURING THE LONG-TERM QUALITY OF CUSTOMER SUPPORT**

To assure the high quality and ongoing improvement of customer support at Siemens, we have introduced company-wide uniform training programs for both key account managers and the sales force. Moreover, the staff in both areas is trained on the topic of compliance to encourage conduct conformant with guidelines, which itself ensures our business success: Absolute compliance with all laws and the Company's internal guidelines and regulations is an elementary aspect of all our worldwide marketing and sales activities.

In fiscal 2011, we were able to develop our relationships with our customers around the world even more strongly and improve the corresponding business figures. We are aiming at generating significant growth in fiscal 2012 as well – a goal that we intend to achieve in particular in our target industries and across industry boundaries with our Environmental Portfolio.

[www.siemens.com/sr/customers](http://www.siemens.com/sr/customers)

We understand compliance holistically – not just as adherence to the law and internal Company regulations, particularly the Siemens Business Conduct Guidelines, but also as the foundation of all our decisions and activities, and at the same time as an elementary component of business integrity. Compliance is not a program; it is the way we conduct business and uphold integrity at Siemens.

## OUR COMMITMENT: ONLY CLEAN BUSINESS IS SIEMENS BUSINESS

Preventing corruption and other violations of fair competition has the highest priority at Siemens. Our principle is: Only clean business is Siemens business. This means complying strictly with all laws and regulations and adhering to the principles of ethical business conduct defined in the Siemens Business Conduct Guidelines. These Guidelines are binding for all Siemens employees worldwide and focus on the prevention of corruption. Siemens is expressly committed to international conventions and recommendations for combating corruption. Examples include our active participation in the United Nations' Global Compact and our engagement in a variety of its local networks.

## COMPLIANCE WITHIN SIEMENS

We've also made compliance a permanent and integral part of our business processes. Since we introduced the Compliance Program throughout the Company, we have continually improved it and developed it further into an overarching compliance management system comprising the three action levels Prevent, Detect and Respond. The central element of the system is the responsibility of all Siemens managers for compliance. This management responsibility includes a role-model function for senior management, but goes even further: All our

managers must exemplify compliance and ensure that business decisions and actions in their areas of responsibility are always in complete accordance with the relevant legal requirements and our own values and guidelines. The new element Advice and Support emphasizes the compliance organization's role and function of helping all Siemens Business Units implement compliance, thus contributing to our long-term business success. This element encompasses tools such as the "Ask us" help desk, which answers employees' compliance-related questions, but it is primarily intended to foster close, trustful cooperation between the Siemens units and their Compliance Officers.

Finally, we have also included Collective Action – cooperation on the part of companies and other organizations in the battle against corruption – in our Compliance System. We want to make it clear that compliance at Siemens goes beyond internal measures and processes and our relationships with business partners and suppliers. The activities of many Siemens units form the focus of this Collective Action and we support some of these commitments at the group level; examples include our participation in the World Economic Forum's "Partnering against Corruption Initiative" (WEF PACI, see also the interview with Robert Greenhill on page 50), the UN Global Compact's working group on the 10<sup>th</sup> principle, anti-corruption, and the OECD's anti-corruption working group.

A detailed description of the Siemens Integrity Initiative is available on 48 and under:  
[www.siemens.com/integrity-initiative](http://www.siemens.com/integrity-initiative)

On October 7, 2011, the Company received the Year Three Report from the Compliance Monitor Dr. Theo Waigel, whom Siemens had engaged as part of the settlement reached with U.S. authorities in December 2008. During Year Three, the Monitor evaluated the sustainability of Siemens' Compliance Program and its compliance risk assessment and compliance

### The Siemens Compliance System



program evaluation processes in addition to risk-based themes and the implementation of Year One and Year Two recommendations. As was set forth in the Settlement Agreement with the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ), this Year Three Report contains (1) an evaluation of the open recommendations from the Year One and Year Two Reports, (2) some new recommendations designed to improve the effectiveness of Siemens' program for ensuring compliance with anti-corruption laws, and (3) certification by the Compliance Monitor once again that the Siemens Compliance Program, including its policies and procedures, is reasonably designed and implemented to detect and prevent violations within Siemens of anti-corruption laws.

## COMPLIANCE INDICATORS

In addition to the compliance indicators listed below, the Annual Report 2011 contains information on legal proceedings, including corruption and antitrust proceedings.

### Compliance indicators

	FY 2011	FY 2010	FY 2009
Inquiries submitted to the "Ask us" help desk	1,740	3,077	3,992
Incidents reported to the "Tell us" help desk and the ombudsman	787	582	565
<i>therein treated as plausible</i>	683	502	439
Disciplinary sanctions	306	448	784
<i>therein warnings</i>	179	313	473
<i>therein dismissals</i>	77	108	244
<i>therein other<sup>1</sup></i>	50	27	67

<sup>1</sup> Includes loss of variable and voluntary compensation elements, transfer and suspension.

## PRIORITIES AND TARGETS FOR FISCAL 2012

At the beginning of fiscal 2011, the compliance management team defined four medium-term compliance priorities within the context of One Siemens. These priorities will govern the further development of those measures that prevent corruption and other violations of fair competition at Siemens. They are as follows:

> We want to optimize the effectiveness and efficiency of those compliance processes and tools that have already been introduced and proven their value. Projects intended to tighten our business partner due diligence process and in the gifts and hospitality area were an important part of this compliance priority during the year under review.

- > We intend to base our compliance risks analyses more closely on the specific circumstances of our respective business areas. During the year under review, we developed and piloted a new compliance risk assessment system whose use will be mandatory starting in fiscal 2012 – initially for the Sectors, Regional Clusters, Cross-Sector activities, and Corporate Departments.
- > We intend to establish compliance even more strongly as an integral aspect of all our business activities.
- > We intend to further intensify interaction with our internal and external stakeholders for the purpose of combating corruption. For us, that means acting on our values, complying with rules and regulations, and promoting responsible business practices in our markets through Collective Action and the Siemens Integrity Initiative. One focus of our internal measures is to strengthen in particular middle management's responsibility for compliance.

The compliance targets defined for fiscal 2012 are geared specifically toward these priorities. You can find more information on this and on the achievement of compliance targets for the year under review at:

[www.siemens.com/sr/compliance-goals](http://www.siemens.com/sr/compliance-goals)

## ANTI-CORRUPTION REPORTING

In May 2010, the United Nations' Global Compact and Transparency International published reporting guidance on the Global Compact's 10<sup>th</sup> principle – anti-corruption. Siemens helped develop the recommendations and participated in piloting them. On our website you will find an overview of the published Company information on compliance within the structure of the recommendations by the Global Compact and Transparency International. This overview is part of our progress report on the implementation of the ten principles of the Global Compact.

[www.siemens.com/sr/anti-corruption-reporting-index](http://www.siemens.com/sr/anti-corruption-reporting-index)

[www.siemens.com/sr/compliance](http://www.siemens.com/sr/compliance)

Environmental protection, health management and safety – these are guiding principles of our Company and integral parts of our business processes. Siemens already set up a company-wide Environmental Protection Office 40 years ago, and since then we have consistently expanded our environmental management and adjusted it to meet new requirements. Our updated Environmental Protection, Health Management and Safety (EHS) Principles and Guidelines form the basis of our extensive EHS management systems.

The first stage of our environmental program came to a successful conclusion at the end of fiscal 2011. Environmental management systems that meet the ISO 14001 standard have been rolled out throughout the Company at all locations requiring them. In addition, we have boosted our environmental performance in the areas of energy, energy-induced CO<sub>2</sub> emissions, water use and waste, and have achieved most of the targets we set ourselves. We have also established new targets for the years ahead, and intend to improve Siemens' environmental performance further in the next stage of our environmental program.

## REPORTING ON ENVIRONMENTAL FACTORS AND COLLECTING ENVIRONMENTAL DATA

We record and monitor the Siemens Group's environmental impact and performance with the aid of a worldwide environmental information system, the Siemens Environmental and Technical Safety Information System (SESIS), which is based on parameters such as energy use, resource consumption and emissions. If certain thresholds for these parameters are exceeded, Siemens locations are obligated to report this internally.

In fiscal 2011, we used SESIS to evaluate 379 environmental reports from Siemens locations in 46 countries (including OSRAM). Once again, the basis for our reporting in fiscal 2011 changed in comparison to the previous year: 24 new locations were integrated and 16 were removed.

We monitor our environmental impact with absolute criteria, for example CO<sub>2</sub> emissions in tons. To measure the environmental performance of production locations that are required to implement an environmental management system, we also calculate normalized, portfolio-adjusted key performance indicators. We use plant revenue as the normalization factor (production manufacturing costs). This enables us to evaluate the Company's environmental performance consistently over time, independent of portfolio changes at our plants.

## ENVIRONMENTAL MANAGEMENT SYSTEMS

If Company units exceed defined thresholds for resource consumption, waste or emissions, they are required to introduce an ISO 14001-compliant environmental management system (EMS). The number of such locations rose to 321 in fiscal 2011, of which 256 were certified externally and 65 were certified by qualified internal auditors. All locations that require an environmental management system have now implemented one.

Locations with environmental management systems<sup>1</sup>

	FY 2011	FY 2010	FY 2009	FY 2008
ISO 14001	256	243	209	182
Of those, number of EMAS-certified <sup>2</sup> locations	3	8	8	6
Self-certified <sup>3</sup>	65	31	11	12

- 1 Data includes OSRAM.
- 2 EMAS: Environmental Management and Audit Scheme of the EU. The number of EMAS certifications has been adjusted from 2008 to 2010. Three EMAS locations submit one joint SESIS report. These locations were counted as a single location in the past but are now counted individually.
- 3 Self-certified: Locations are permitted to certify their environmental management systems internally in line with ISO 14001, provided they follow defined, in-house quality standards.

## GREENHOUSE GAS EMISSIONS

Siemens stands by its global responsibility for climate protection. For this reason, we report our greenhouse gas emissions – Scope 1, Scope 2, and Scope 3 (travel) – on the basis of the guidelines in the Greenhouse Gas Protocol published by the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

**Greenhouse gas emissions (in equivalent tons of CO<sub>2</sub>)<sup>1</sup>**  
(calculated using the model of the GHG Protocol)<sup>2</sup>

	FY 2011	FY 2010	FY 2009	FY 2008
Scope 1 <sup>3</sup>	1,263,000	1,375,000	1,512,000	1,463,000
Scope 2 <sup>3</sup>	1,841,000	1,806,000	1,855,000	1,988,000
Scope 3 <sup>4</sup>	478,000	431,000	413,000	454,000
<b>Total<sup>5</sup></b>	<b>3,582,000</b>	<b>3,612,000</b>	<b>3,780,000</b>	<b>3,905,000</b>

- 1 Data includes OSRAM.
- 2 This timeline is based on continuing operations and is adjusted annually. All figures are extrapolated to 100% coverage; previous years adjusted for comparability.
- 3 Direct greenhouse gas emissions (Scope 1) are from sources in the Company's possession or under its control. Indirect greenhouse gas emissions (Scope 2) refer to consumption of purchased electrical energy and district heating.
- 4 Emissions from travel (flights, rail, rental cars).
- 5 Discrepancies in totals are the result of rounding.

**Distribution of greenhouse gas emissions (in %)<sup>1,2</sup>**

	FY 2011	FY 2010	FY 2009	FY 2008
Electricity and district heating	51	50	50	51
Natural gas, fuel oil, other fuels	28	29	28	26
SF <sub>6</sub>	6	7	10	10
Other Kyoto gases <sup>3</sup>	1	2	2	1
Travel	13	12	11	12

- 1 Data includes OSRAM.
- 2 This timeline is based on continuing operations and is adjusted annually. All figures are extrapolated to 100% coverage; previous years adjusted for comparability.
- 3 This includes greenhouse gases such as technical CO<sub>2</sub>, HFC, PFC, CH<sub>4</sub> and N<sub>2</sub>O.

In absolute terms, our greenhouse gas emissions have fallen by about 8% since 2008. Our Scope 1 emissions played an important part in this decline: Among other things, the reduction of CO<sub>2</sub> emissions from our business vehicles has been noticeable. One factor in this result is that our fleet management has defined emissions per kilometer as a criterion for vehicle selection, which favors economical models.

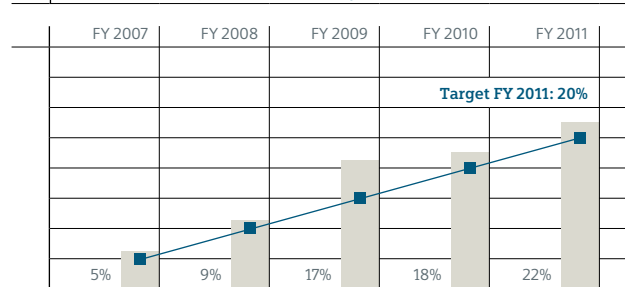
Emissions, based on electricity and district heating, raised slightly due to increased consumption. Emissions resulting from business trips also went up due to the greater number of flights.

Our emission of SF<sub>6</sub> fell further in fiscal 2011. Our goal is to concentrate the use of SF<sub>6</sub> at locations that are experienced and efficient in handling this substance, and this strategy has already had a favorable effect on our emissions.

Our reporting covers about 95% of our indirect and direct greenhouse gas emissions. The remaining 5% comprises greenhouse gas emissions caused by employee activities that are not reported directly. Emissions are calculated on the basis of extrapolation.

Compared with base year 2006, we have improved our CO<sub>2</sub> efficiency by 22% and thus exceeded our target of 20% by the end of 2011.

**Improvement in environmental performance – CO<sub>2</sub> emissions, power (in %, base year 2006)**



Environmental performance: portfolio-adjusted, based on aggregated plant revenue.

■ Status CO<sub>2</sub> emissions, power (cumulative) ■ Target (cumulative)

## ENERGY CONSUMPTION

All in all, our direct energy consumption in fiscal 2011 declined by about 3% over the previous year.

### Direct energy consumption (in gigajoules)<sup>1</sup>

	FY 2011	FY 2010	FY 2009	FY 2008
Natural gas/liquid petroleum gas	9,405,000	9,545,000	9,009,000	9,861,000
Heating oil	189,000	264,000	315,000	294,000
Hard coal/brown coal	52,000	48,000	44,000	3,000
Gasoline/diesel fuel <sup>2</sup>	400,000	487,000	322,000	269,000
<b>Total<sup>3</sup></b>	<b>10,047,000</b>	<b>10,344,000</b>	<b>9,690,000</b>	<b>10,428,000</b>

- Figures as collected in SESIS (including OSRAM), not extrapolated to 100% coverage.
- Energy consumption reported in SESIS for vehicles and machines at environmentally relevant locations.
- Discrepancies in totals are the result of rounding.

### Indirect energy consumption (in gigajoules)<sup>1</sup>

	FY 2011	FY 2010	FY 2009	FY 2008
Electricity	12,388,000	12,188,000	11,705,000	12,400,000
District heating	2,286,000	2,409,000	2,405,000	2,700,000
<b>Total<sup>2</sup></b>	<b>14,674,000</b>	<b>14,598,000</b>	<b>14,110,000</b>	<b>15,100,000</b>

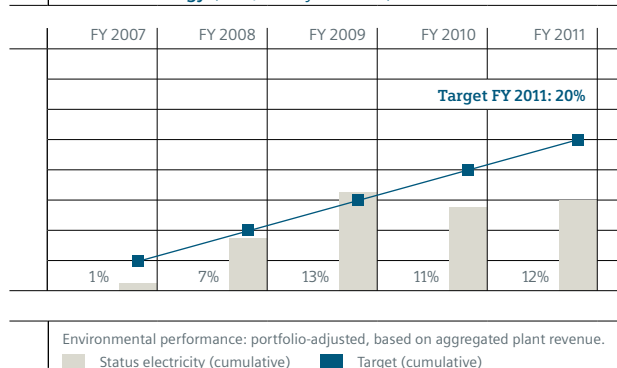
- Figures as collected in SESIS (including OSRAM), not extrapolated to 100% coverage.
- Discrepancies in totals are the result of rounding.

Our indirect energy consumption increased in comparison with the previous year, for example by 2% for electricity. This is due to higher capacity utilization at our production locations.

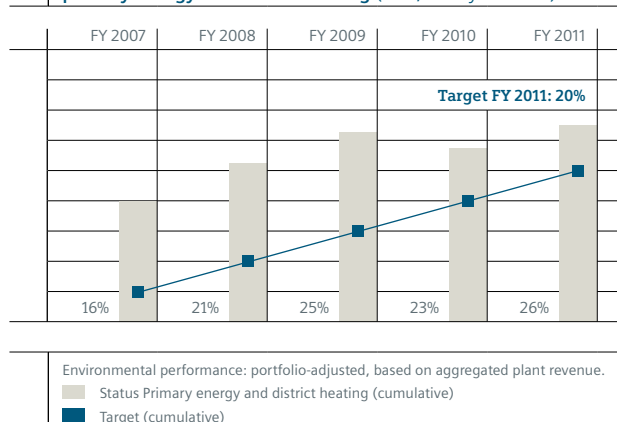
Nonetheless, our Energy Efficiency Program (EEP) is beginning to take effect. By the end of fiscal 2011 we had conducted energy analyses at over 100 locations. In addition, Siemens Real Estate (SRE), which manages our properties, realized savings potential at selected locations amounting to more than €7 million a year in reduced energy costs and about 17,000 tons of CO<sub>2</sub> emissions.

Siemens recently started to keep centralized records of its energy consumption for business vehicles. The Company fleet consumed roughly 4.9 million gigajoules of energy in fiscal 2011, which is about 6% less than the year before.

### Improvement in environmental performance – electrical energy (in %, base year 2006)



### Improvement in environmental performance – primary energy and district heating (in %, base year 2006)



Compared with base year 2006, we were able to improve our environmental performance in the area of electrical energy by a total of 12%. However, we failed to reach our target of 20% by the end of fiscal 2011. Location analyses showed that there was little savings potential in the short term; in the medium and long term, though, we expect positive effects from the energy efficiency measures we have initiated. When it comes to improving the environmental performance of primary energy and district heating, our total of 26% means we have clearly surpassed our target.

During the next stage of our environmental program, we want to continue reducing our energy intensity. The EEP is intended to help increase our energy efficiency at office as well as production locations. In addition, we want to roll out energy management systems at all environmentally relevant locations.

## EU EMISSIONS TRADING

Siemens operates two facilities in Germany that are covered by the European emissions trading system: a glass foundry for lamp production and a heating plant. Together they account for 1.5% of Siemens' direct and indirect greenhouse gas emissions.

## ATMOSPHERIC POLLUTANT EMISSIONS

There are other environmentally relevant industrial emissions besides those important in a climate protection context: Volatile organic compounds (VOC), for example, contribute to the formation of ozone close to the earth's surface and are responsible for what is known as summer smog. Siemens uses these organic compounds as solvents in paints and adhesives, in impregnation processes and for surface cleaning.

We also monitor the extent to which substances are used that destroy the ozone layer in the stratosphere. As far as these ozone-depleting substances (ODS) are concerned, we comply with the Montreal Protocol, an international convention on the protection of the ozone layer, and with country-specific legislative initiatives. Siemens still uses ODSs in some refrigerants.

### Additional atmospheric emissions (in tons)<sup>1</sup>

	FY 2011	FY 2010	FY 2009	FY 2008
VOC	1,200	1,100	900	1,400
Ozone-depleting substances in tons of R11 equivalent <sup>2</sup>	0.2	0.3	0.2	0.2

- <sup>1</sup> Figures as collected in SESIS (including OSRAM), not extrapolated to 100% coverage.  
<sup>2</sup> R11 equivalence measures ozone depletion potential.

The reported VOC emissions have changed in comparison with the previous year. Among other things, this change is the result of improvements in the method used to measure and record them. We will be enhancing the monitoring mechanisms in the future, thus establishing the prerequisites for more effective handling of VOC emissions.

Emissions of R11 equivalents again remained on a continually low level in the year under review. It is our goal in the next stage of our environmental program to completely replace ODSs with environmentally friendly substances.

In calculating nitrogen oxides, we have assumed typical combustion conditions in the relevant thermal processes, resulting in a figure of 353 tons for environmentally relevant locations in fiscal 2011.

## WASTE

The environmental relevance of waste depends on how potentially hazardous it is and how it is disposed. We therefore differentiate between hazardous and non-hazardous waste and between recyclable waste and waste for disposal. We also identify construction waste separately, since this depends on the specific building or demolition work and is not influenced by production.

Year on year, waste volume rose 11% (not including construction waste). This increase reflects primarily non-hazardous waste for recycling, which has the least impact on the environment because it is returned to the value chain, and can be explained partly by the inclusion of new locations and partly by increased utilization of production capacity by some Divisions.

The waste recycling rate remained nearly stable at 78%. The slight decline can be attributed to individual demolition and modernization measures that led to more waste for disposal than during the year before.

### Waste (in tons)<sup>1</sup>

	FY 2011	FY 2010	FY 2009	FY 2008
Non-hazardous waste	400,000	359,000	339,000	370,000
Hazardous waste	56,000	53,000	49,000	45,000
Construction waste	35,000	30,000	27,000	10,000
<b>Total</b>	<b>491,000</b>	<b>442,000</b>	<b>415,000</b>	<b>425,000</b>

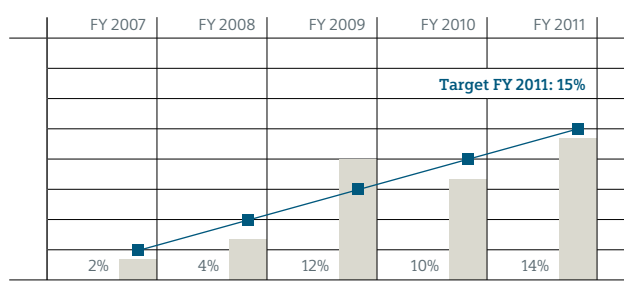
- <sup>1</sup> Figures as collected in SESIS (including OSRAM), not extrapolated to 100% coverage.

### Recycling (in %, including construction waste)

	FY 2011	FY 2010	FY 2009	FY 2008
Share of recycling in total waste	78	80	81	83

Comparing waste data for production locations with plant revenue shows that our environmental performance as regards waste has improved considerably since fiscal 2008. At a total of 14%, we reduced our waste intensity by 4% over the previous year and consequently barely missed our target for 2011.

#### Improvement in environmental performance – waste (excluding construction waste) (in %, base year 2006)



Environmental performance: portfolio-adjusted, based on aggregated plant revenue.  
 ■ Status Waste (cumulative) ■ Target (cumulative)

We have set ourselves the target of reducing waste intensity in the future. We will also keep reducing waste for disposal and consequently improve our recycling rate.

## WATER AND WASTEWATER

Water consumption and wastewater remained roughly constant, year on year. The volume of chemically unchanged wastewater rose because we included a location that uses seawater for cooling purposes. The increase in absolute water figures by around 200,000 cubic meters can be ascribed to new locations that were added in this fiscal year.

Even so, we were able to raise our environmental performance in the area of wastewater by 5% in the period under review, thus reaching 33% and greatly surpassing our target of 20%.

With our new environmental program, we want to improve the local situation at our facilities in terms of water stress and water scarcity. To this end, we have identified potentially affected regions in which we have a presence, and will implement programs in the future that are adapted to local conditions in order to reduce the negative consequences of our water use.

#### Water consumption (in cubic meters)<sup>1,2</sup>

	FY 2011	FY 2010	FY 2009	FY 2008
Water consumption	15,180,000	14,990,000	14,110,000	14,990,000

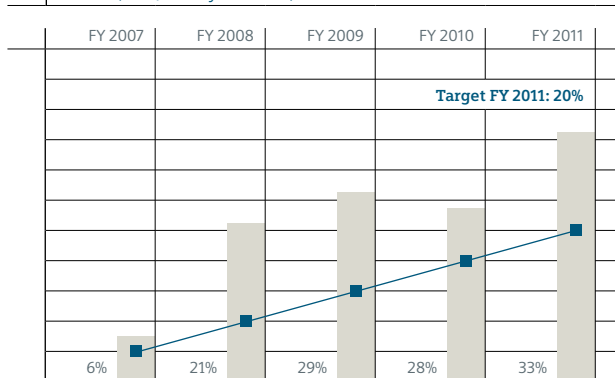
1 Figures as collected in SESIS (including OSRAM), not extrapolated to 100% coverage.  
 2 Does not include roughly 14.5 million cubic meters of cooling water drawn from groundwater and surface water resources and returned chemically unchanged, but warmed.

#### Wastewater (in cubic meters)<sup>1</sup>

	FY 2011	FY 2010	FY 2009	FY 2008
Cooling water	2,030,000	2,100,000	1,660,000	2,310,000
Wastewater from employee facilities	6,380,000	6,570,000	6,350,000	6,080,000
Wastewater from manufacturing processes (total)	4,450,000	4,160,000	4,060,000	4,250,000
Other (incl. losses)	2,280,000	2,080,000	1,670,000	1,630,000
<b>Total<sup>2</sup></b>	<b>15,140,000</b>	<b>14,910,000</b>	<b>13,740,000</b>	<b>14,280,000</b>

1 Figures as collected in SESIS (including OSRAM), not extrapolated to 100% coverage.  
 2 Discrepancies in totals are the result of rounding.

#### Improvement in environmental performance – water (in %, base year 2006)



Environmental performance: portfolio-adjusted, based on aggregated plant revenue.  
 ■ Status Water (cumulative) ■ Target (cumulative)



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## EXPENDITURES AND INVESTMENTS

In addition to data relating to resources and emissions, we also record expenditures on and investments in environmental protection. Expenditures are operating costs; investments refer to long-term investments in assets that are of benefit to environmental protection. In fiscal 2011, Siemens disbursed €62 million in operating expenditures and €51 million in investments. Investments were up considerably (€32 million) over the previous year; many locations invested in more energy-efficient machinery and modern building technology.

## ENVIRONMENT-RELATED INCIDENTS AND PENALTIES

We registered 22 incidents in fiscal 2011. These are occurrences that must be notified to the authorities (notifiable incidents) or that had an external impact on the environment. Seven of them involved releases into bodies of water or sewer networks, there were five instances of oil spill, and six of atmospheric emissions (plus four other incidents). We reported them all within the framework of our management systems, including external reports as required, eliminated the damage and analyzed the incidents to prevent them from happening again.

Fines totaling €21,000 were imposed for ten incidents.

## NATURE AND WILDLIFE CONSERVATION

Nature and wildlife conservation have gained in importance at Siemens. Since the year under review, we have been documenting protected natural areas within a five-kilometer radius of environmentally relevant locations as part of a new risk assessment. Our climate and water strategies also play a major role in nature and wildlife conservation. Targeted programs, such as those to avoid water stress, can further reduce the negative environmental impact.

## ENVIRONMENTAL COMMITMENT AT THE COMPANY

The personal commitment of our employees is a key factor in our environmental efforts. This begins with minor activities – such as cleaning the biotopes near our locations, putting up nesting places for falcons or planting trees – and extends to the so-called green teams. These have been set up at many Company locations to implement environmental measures there. In addition, an environment prize is regularly awarded to employees who have excelled by developing inventions or participating in special initiatives relating to environmental issues.

[www.siemens.com/si/environmental-protection](http://www.siemens.com/si/environmental-protection)

Product responsibility has always enjoyed high priority at Siemens. In our work, we attach great importance to assessing the product lifecycle as a whole. We develop our products proactively and thus contribute to minimizing their environmental impact during the production process as well as during the use phase at our customers. Moreover, it is becoming increasingly important for Siemens to ensure that products are reused and resources are conserved. Products and solutions that perform particularly well are included in our Environmental Portfolio.

We take a holistic approach to product responsibility: We set standards, monitor the products throughout their entire lifecycle, and communicate the added value to our customers.

## STANDARDS FOR ENVIRONMENTALLY COMPATIBLE PRODUCT DEVELOPMENT

The Product-related Environmental Protection department sets binding standards for the development of environmentally compatible products and solutions. It helps us to identify and minimize the possible impact our products may have on human health and the environment during their entire lifecycle. We thus contribute to preserving and improving people's living conditions and environment, taking ecological, economic, and social aspects into account.

Our standard for the environmentally compatible design of products and systems (SN 36350) specifies minimum requirements for the environmentally compatible development of our products and solutions. It forms a binding part of the processes we use to control the product lifecycle as well as our other project management processes. The Siemens standard is continually adapted in line with international requirements, with corresponding work instructions providing more detailed guidance.

Additional information about SN 36350 is available at:  
[www.siemens.com/sr/SN36350](http://www.siemens.com/sr/SN36350)

In fiscal 2011, we issued two instructions: The first makes it easier to implement the very heterogeneous battery regulations of the countries in the European Economic Area, while the second specifies product design requirements arising from the dangerous goods law. In this way, we support the Business Units in implementing the respective legal requirements during the planning phase.

## PRODUCT SAFETY

Product safety has utmost priority for the entire Siemens product portfolio. Our goal is to design and manufacture products that are safe in all respects. That applies both to tangible and intangible products. Our system to ensure product safety

- > avoids dangers and minimizes risks to users and third parties,
- > provides binding rules for all our own and any third-party products that we market,
- > underscores the emphasis we place on product safety along our entire value chain,
- > and safeguards the sustainable success of Siemens and protects its reputation.

Our Principles of Product Safety and the related guidelines define the framework for the methods and measures implemented at Siemens and are binding for all Siemens units concerned with product safety.

## LIFECYCLE ASSESSMENTS

The results of our lifecycle assessments (LCAs) confirm time and again that areas for improvement are easier to identify if the lifecycle is analyzed as a whole, largely irrespective of which product in our diverse portfolio is being assessed. This allows environmental impacts during the use and recycling phases to be anticipated and avoided during the development process. In particular, the use phase is the most environmentally relevant for many of our products and solutions. We therefore focus on resource and energy efficiency in the use phase of the products, thus improving the ecological impact of our customers. The key figures for the year under review confirm the efficacy of our approach.

More detailed information on lifecycle analyses is available at:  
[www.siemens.com/sr/LCA](http://www.siemens.com/sr/LCA)

For this reason, one of the key guidelines of our SN 36350 standard specifies that we analyze the environmental impact of our products and systems over their entire lifecycle. Our Corporate Technology unit and Business Unit experts assess the environmental impact, or "ecological rucksack," using dedicated software solutions and scientifically recognized databases. In doing so, we meet the requirements of the international standards ISO 14040/14044, thus fully covering all the complexities of lifecycle assessment. Not only do we use full-scale LCAs, but, wherever expedient, simplified LCA methods (screening LCAs), such as cumulative energy demand (CED) or CO<sub>2</sub> screening. Among other things,

For more information on the Siemens Environmental Portfolio, visit:  
[www.siemens.com/environmental-portfolio](http://www.siemens.com/environmental-portfolio)

CO<sub>2</sub> screening is also used as a selection and control criterion for Environmental Portfolio products and solutions.

**Lifecycle assessment and environmental product declarations**  
(percentage of revenue covered)

	FY 2011	FY 2010	FY 2009
Full-scale LCAs	88	73	46
Screening LCAs	94	95	76
EPDs	98	87	78

Reference base: Divisions that prepare full-scale LCAs/screening LCAs or EPDs for selected products/systems. No product-related coverage is calculated within a Division; the Division's total revenue is included. Continuing operations; prior-year values adjusted for comparability.

**ENVIRONMENTAL PRODUCT DECLARATIONS**

We specifically use environmental product declarations (EPDs) to clearly and transparently inform our customers about the environmental performance of Siemens products and solutions. To this end, we have a dedicated competence center to bundle the individual expertise of each Business Unit. This panel of experts meets regularly to deal with common issues relating to life-cycle assessment and communication of the results in the form of environmental product declarations. The aim is to benefit from this expertise throughout the Company, to jointly develop solutions that apply throughout the Company, and to promote greater transparency and commonality for this complex issue. The competence center defines the requirements for EPDs in our SN 36350 standard. Through this mechanism, the standard is subjected to regular reviews and adapted to changing international conditions.

For more on our environmental product declarations, see: [www.siemens.com/sr/EPD](http://www.siemens.com/sr/EPD)

**NO CONTRADICTION BETWEEN ENVIRONMENTAL AND CUSTOMER BENEFITS**

The juxtaposition of environmental and customer benefits in our Eco-Care-Matrix allows us to clearly illustrate the value our products and solutions add – for our customers, for the environment, and for Siemens. The Industry Solutions Division started to gather experience in fiscal 2010, accessing the results of its lifecycle assessment in the process. On the basis of the insights gained, it has integrated the independent information provided by the Eco-Care-Matrix into the respective environmental product declarations for a variety of products. This gives customers a document that juxtaposes environmental and customer benefits and contains all relevant environmental information.

We use it to describe the trend at Siemens of communicating the environmental impact of our products and solutions and transparently demonstrating customer benefits. A further increase in the number of our lifecycle analyses and environmental product declarations confirms this trend.

We are already demonstrating to customers how they can use their product or system in an environmentally compatible way and thus improve their environmental performance. For the future, product-related environmental protection aims to increasingly give our customers a comprehensive idea of the ecological advantages of our products and solutions, while keeping an eye on the entire ecological footprint.

Our EPDs are prepared in close cooperation with the respective communications departments to ensure that the information they contain is not only factually correct but also meets Company communication standards.

**MARKETING AND COMMUNICATION**

We make consistent and balanced information available to all our stakeholders. On the basis of this Company-wide communication policy, we safeguard our credibility and demonstrate that we take our responsibility seriously.

We publish all in-house communication guidelines on the corporate intranet. We also require all corporate information and its distribution to adhere to local statutory regulations as well as generally applicable ethical and cultural standards.

# Occupational health and safety management

Occupational health and safety management are key components of our corporate culture and of prime importance in a strategy oriented to sustainability. Outstanding performance in health management and occupational safety thus enjoy a high priority at Siemens. Our proactive commitment here strengthens the competitiveness of our customers and forms the foundation of our future success.

Our approach to occupational health and safety management is international in scope, proactive and oriented toward long-term development. In addition to a set of guidelines that concentrate on occupational health and safety (OHS) and health management, we also include OHS topics in our Business Conduct Guidelines, our internal monitoring systems and our risk management and internal control systems.

## OCCUPATIONAL SAFETY

As a globally operating, integrated technology company with core activities in the fields of industry, infrastructure, energy and healthcare, our employees and contractors are subject to a variety of risks. We counter these hazards both through centrally formulated, globally applicable guidelines and specialized standards, and through programs that allow for local adaptation. We also ensure that occupational safety is upheld at contractor companies through the Code of Conduct for Siemens Suppliers.

Within the framework of our Zero Harm Culture program, we seek to anchor occupational health and safety as an integrated part of all our business and improvement processes. This is designed to ensure that reactive behavior is replaced by a culture of mutual awareness, and that hazards are eliminated as far as possible. During the period under review, we conducted pilot projects in facilities and on construction sites in Germany, Portugal and Brazil, and we are planning to introduce the program at the global level during the current fiscal year.

We investigate every accident, but particularly serious accidents, to determine their causes and take steps to prevent their reoccurrence. When analyzing the causes of fatal accidents, we also call on the services of independent teams of experts. The causes of accidents are communicated within the affected unit and, where appropriate, beyond it. This allows us to take precautions where similar machines, facilities or procedures are involved. Technical measures are amended as necessary through qualification measures.

## OCCUPATIONAL SAFETY FIGURES

### Accidents worldwide (LTIFR)<sup>1</sup>

When recording lost-time injuries (LTI) with lost workdays, we incorporate national definitions.

In order to reduce the number of accidents, we have introduced sector-specific actions and programs, particularly on construction sites and in projects.

During the period under review, Siemens succeeded in further reducing the LTIFR of its employees to 0.42; for fiscal 2010 the LTIFR was 0.51 and for fiscal 2009 it was 0.63.

Our contractors also reduced their LTIFR to 0.32 from 0.41 in fiscal 2010 and 0.39 in fiscal 2009.

LTIFR<sup>1</sup> employees and contractors

	FY 2011	FY 2010	FY 2009
Employees	0.42	0.51	0.63
Contractors <sup>2</sup>	0.32	0.41	0.39

- 1 Lost-time injury frequency rate: number of lost-time injuries (LTI) x 100,000/work hours performed; LTI are accidents that result in at least one lost day of work. Reporting from the previous years – broken down according to overall figures and figures for each Company unit – was dispensed with. In the future, our reporting will be aggregated according to employees and contractors.
- 2 Contractors who bill by time.

### Fatal accidents involving employees and contractors

Regrettably, the number of fatal accidents increased slightly during the period under review, particularly among employees of contractual partners in India. We are continually developing programs and measures to improve occupational safety there; for example, we have held special events and safety days for our contractors in India as well as conducting qualification measures and training.

In addition, we will be integrating the topics of occupational safety and health management more rigorously in our project business, and have developed a global standard for this purpose. We also intend to increase our requirements as regards occupational safety and adherence to guidelines when we select and train our contractors.

We have discontinued the practice of presenting specific figures for commuting accidents as in last year's report. In cases in which commuting accidents are regarded as work accidents according to national definitions, we have included them as work-related accidents in the figures for 2011.

#### Fatal accidents involving employees and contractors

	FY 2011	FY 2010 <sup>1</sup>	FY 2009 <sup>1</sup>
Employees	3	4	4
Contractors	12	8	3

<sup>1</sup> Previous years adjusted for comparability.

#### Occupational illness

The total number of recorded cases of occupational illness relative to the number of employees has remained at a low level for many years. The corresponding indicator (occupational illness frequency rate, OIFR) relative to 1,000,000 work hours performed was 0.34 in the year under review (FY 2010: 0.39, FY 2009: 0.37). Here we report only the figures for Siemens AG (calculated on the basis of recognized cases of occupational illness). Figures for other countries are based on the number of reported cases and are not comparable to the criteria used for Siemens AG.

[www.siemens.com/sr/safety](http://www.siemens.com/sr/safety)

#### HEALTH MANAGEMENT

The world of work in the 21<sup>st</sup> century is subject to constant change – economic, political and social. Social changes are particularly visible in the form of demographic developments, changing work conditions and a continually shifting panorama of illnesses.

Yet employees are a company's most valuable potential, and they must be supported and protected. In its business activities, Siemens offers answers to the social challenges of our time and invests actively in the health and well-being of its employees – and thus in the future and innovative power of the whole Company. The health measures available to our employees are composed of legally required activities for occupational health and safety as well as voluntary programs and measures for promoting and strengthening health and well-being, and cover the following areas: healthy work environment, psychosocial well-being, physical activity, healthy nutrition and medical care.

Our health management personnel work closely with other departments such as human resources or building management to ensure the sustainable integration of good health in the Company. One example of this is the new "Siemens Office" workplace concept, which we envision as an innovative, open office environment. It is characterized by different functional elements for work, freely selectable workstations, options for mobile working and initiatives to enhance work-life integration, all with the goal of supporting employees' individual strengths and their ability to perform.

In order to integrate the Siemens approach to health into our new office concept, we have developed a concept that incorporates health-related requirements and includes need-based health initiatives. The spectrum ranges from measures for supporting healthy living and well-being at the workplace (e.g. ergonomic aids) to exercising or relaxation measures (such as rooms for rest or relaxation) to an inspirational room design and programs that promote team culture (such as team events). Internal specialists guide the individual projects and support the implementation of each process.

Beyond this, we have also set ourselves the goal of harmonizing health management structures around the world. To this end, in a first step we have determined which health-related services, resources, measures, processes and external service providers are already available at Siemens. In a second step we are currently evaluating this data to be followed by the development of further projects.

[www.siemens.com/sr/health-management](http://www.siemens.com/sr/health-management)

## Siemens employees

	FY 2011	FY 2010	FY 2009
Siemens	402,000	405,100	404,800
Europe, C.I.S. <sup>1</sup> , Africa, Middle East (as a percentage of employees)	58	59	60
Americas (as a percentage of employees)	22	23	23
Asia, Australia (as a percentage of employees)	19	18	17

<sup>1</sup> Commonwealth of Independent States

## Employees in management positions

	FY 2011	FY 2010	FY 2009
Siemens	49,900	50,800	49,100
Proportion of women (as a percentage of employees in management positions)	14.6	13.7	13.6

<sup>1</sup> "Employees in management positions" includes all managers with disciplinary responsibility, plus project managers.

## Proportion of women (as a percentage of employees)

	FY 2011	FY 2010	FY 2009
Siemens	25	25	25
Europe, C.I.S. <sup>1</sup> , Africa, Middle East	22	23	23
Americas	26	26	26
Asia, Australia	32	33	34

<sup>1</sup> Commonwealth of Independent States

Qualified, creative and highly motivated employees have always been one of our biggest assets, and we consistently encourage and train our employees so that they can fully realize their diverse potential in the long term. One Siemens, our target system for sustainably enhancing the Company's value, provides the framework for these efforts.

The creative potential and the commitment of its some 402,000 employees<sup>1</sup> are a particular strength of Siemens – one that we are keen to retain and make use of for the Company as long as possible.

## DIVERSITY IN PRACTICE

Worldwide presence is one of our trademarks and our great advantage. The vast and diverse range of our employees' capabilities, experience and qualifications gives us substantial competitive advantages in our global markets. Women and men of different backgrounds and origins reflect our broad customer base, enrich our fund of ideas, and reinforce our innovative drive. Knowing this, we specifically encourage diversity within the Company with our Diversity Initiative. We develop measures aimed at fostering and preserving diversity at all hierarchical levels within the Company. Examples include the global networks set up to identify diversity topics across the Company, such as the network of approximately 160 Siemens Diversity Ambassadors, and GLOW, the Global Leadership Organization of Women. Above and beyond this, Siemens employees have themselves established a large number of local networks that function across different departments, thus contributing toward the Company's success. These networks target diverse issues such as enhancing environmental protection at local level, facilitating a cross-generational dialog, and encouraging diversity at all levels of the corporation. Members of these networks are available to employees worldwide, whether to lend a listening ear, provide mentoring or offer suggestions.

More information on diversity, our commitment to employee rights, and details of our working arrangements at:  
[www.siemens.com/sr/diversity](http://www.siemens.com/sr/diversity)

<sup>1</sup> All the figures quoted in this section refer to continuing and discontinued operations.

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It goes without saying that disabled people are fully integrated at Siemens. We train the disabled and promote their long-term employment in all areas of the Company.

Further information about our training programs for the disabled can be found at:

[www.siemens.com/sr/employees-with-disabilities](http://www.siemens.com/sr/employees-with-disabilities)

## TRAINING AND LIFELONG LEARNING

In fiscal 2011, we invested €251 million, or €608 per employee, in our employees' training and continuing education, thus giving our people at all levels the chance to fully develop their potential. It begins with our young new employees, whom we prepare for their tasks in the global competitive arena with training programs worldwide. In Germany, we're one of the largest private providers of vocational training programs and professional training within the country's work-study system.

More detailed information on continuing education at Siemens:

[www.siemens.com/sr/employees](http://www.siemens.com/sr/employees)

Continuing education programs of a demanding nature enable our employees to enhance their skills. Our Global Learning Portal alone offers employees over 1,000 programs for business-oriented learning. Around the world, our employees can avail themselves of the Siemens Core Learning Programs to acquire the typical key qualifications they need to excel in their respective spheres of competence. The programs are geared specifically toward the challenges the employees have to tackle in the course of day-to-day business. In fiscal 2011, we supplemented our training programs for project management and software development with new programs targeting (next-generation) managers, HR employees as well as procurement and sales staff.

Further information on part-time study programs can be found here:

[www.siemens.com/sr/trainings](http://www.siemens.com/sr/trainings)

We give qualified skilled workers and managers the possibility of completing academic degrees – such as a Bachelor in Engineering in Electrotechnical Systems, a Master of Business Administration or a Master of Science – while they work. These courses are based on a combination of seminars and e-learning programs especially tailored for working professionals.

We identify talented people and offer them challenging work. The uniform criteria we apply worldwide serve as a way of coordinating employees' skills and potential with the requirements of their new positions. Launched in 2005, the Siemens Leadership Excellence training program and the associated Siemens Leadership Framework contain clear criteria for evaluating leadership qualities.

You can find out more about work-life compatibility at:

[www.siemens.com/sr/work-life-integration](http://www.siemens.com/sr/work-life-integration)

They not only help managers develop the skills they require in a targeted and personalized manner, but are also useful tools for ensuring that they all understand and work toward common goals. Today, highly qualified skilled workers and managers actively choose companies that can offer them more than just an interesting job.

To ensure that we continue to be an attractive employer, we give high priority to providing an HR policy that responds flexibly to the changing career phases of employees and their diverse needs as well as to different generations of workers.

## SECOND GLOBAL EMPLOYEE SURVEY

In fiscal 2011, 289,000 Siemens employees took part in our second Global Employee Survey, which covered the topics of compliance, transparency and engagement and was conducted in 39 different languages worldwide. The results were even better than in the previous year, again demonstrating the strong commitment of our employees to Siemens' values and strategy. But the survey also identified potential areas for further improvement, which we will systematically work through between now and the next Employee Survey.

We are enhancing our already strong feedback culture so as to steadily improve our work procedures and results, enhance employee motivation, and further strengthen identification with our Company.

## THE SIEMENS WORKFORCE IN FIGURES

### Employee development

New hires increased again in the year under review, rising by 22%, compared with 18% in 2010. Whereas departures were 27% lower in fiscal 2010 compared with the previous year, the figure for 2011 was virtually unchanged. The percentage of all terminations at the Company's initiative was 16% for the year, compared to 20% the year before. All other variations result from changes in the scope of consolidation and other changes.

#### Siemens employee hires

	FY 2011	FY 2010	FY 2009
Siemens	74,400	60,800	51,700
Europe, C.I.S. <sup>1</sup> , Africa, Middle East	32,650	23,300	19,500
Americas	16,350	14,800	16,900
Asia, Australia	25,400	22,700	15,300

<sup>1</sup> Commonwealth of Independent States

#### Women hired (as a percentage of new hires)

	FY 2011	FY 2010	FY 2009
Siemens	28	33	34
Europe, C.I.S. <sup>1</sup> , Africa, Middle East	24	28	28
Americas	26	26	26
Asia, Australia	34	43	51

<sup>1</sup> Commonwealth of Independent States

#### Siemens employee departures

	FY 2011	FY 2010	FY 2009
Departures	52,600	51,400	70,500

#### Retiring within the next five years (as a percentage of employees)<sup>1</sup>

	FY 2011	FY 2010	FY 2009
Retiring	12	11	11

<sup>1</sup> Based on the Siemens worldwide average retirement age of 60.

#### Employee fluctuation rate (in %)<sup>1</sup>

	FY 2011	FY 2010	FY 2009
Employee decision	5.2	5.1	6.1
Other reasons for departure	7.7	7.8	11.3
<b>Total</b>	<b>12.9</b>	<b>12.9</b>	<b>17.4</b>

<sup>1</sup> Employee fluctuation rate is defined as the ratio of voluntary and involuntary departures to the total number of Siemens employees for a fiscal year.

### Change in age structure

Comparing employees by age group with the year before, the distribution remained almost unchanged. As in the previous fiscal years, the median age in 2011 was again 40.

#### Age structure 2011 (as a percentage of employees)

	< 35	35 – 44	45 – 54	> 54
Siemens	36	27	25	12
Europe, C.I.S. <sup>1</sup> , Africa, Middle East	29	29	29	13
Americas	29	26	28	17
Asia, Australia	64	25	9	2

<sup>1</sup> Commonwealth of Independent States

### Working hours and working arrangements

#### Average official weekly working hours<sup>1</sup>

	FY 2011	FY 2010	FY 2009
Siemens	39.1	39.2	39.1
Europe, C.I.S. <sup>1</sup> , Africa, Middle East	37.6	37.7	37.7
Americas	41.0	41.2	41.1
Asia, Australia	41.5	41.5	41.4

<sup>1</sup> Contractually agreed weekly working hours at the end of the fiscal year.  
<sup>2</sup> Commonwealth of Independent States

#### Use of working hour programs at Siemens

	FY 2011	FY 2010	FY 2009
Part-time	16,100	24,200	24,600
Employees on leaves of absence	7,400	6,600	6,500



## Continuing education

### Expenditure on continuing education (in millions of €)<sup>1</sup>

	FY 2011	FY 2010	FY 2009
Expenditure on continuing education	251	225	228

<sup>1</sup> Travel expenses not included.

### Expenditure per employee on continuing education (in €)<sup>1,2</sup>

	FY 2011	FY 2010	FY 2009
Expenditure per employee on continuing education	608	560	562

<sup>1</sup> Figures are a mathematical average.

<sup>2</sup> Without travel expenses.

## Trend in time spent on continuing education by employee category

Compared with the previous fiscal year, the average number of hours spent on training by participants in the Siemens Leadership Excellence programs – including top management – remained unchanged in fiscal 2011. Training measures at corporate management level are decided and implemented as needed in close cooperation with the CEO and the Managing Board.

[www.siemens.com/sr/employees](http://www.siemens.com/sr/employees)

### Average number of training hours per employee category<sup>1,2</sup>

	FY 2011	FY 2010	FY 2009
Corporate management (approx. 0/year)		25	25
Top management			
New appointees (27/year)	56	56	54
Alumni (50/year)	25	25	25
New general management appointees (approx. 213/year)	94	94	109
New higher management appointees (approx. 357/year)	64	64	109
New management employees (approx. 404/year)	66	66	95

<sup>1</sup> Based on Siemens Leadership Excellence program participants.

<sup>2</sup> Only new hires were reported in fiscal 2009. New appointees also includes new hires. As the training measures on offer have been even more closely geared to the participants' needs as determined by Siemens' business, the average number of training hours has decreased in some areas.

Our suppliers play a key role in our value chain. A competitive, globally balanced and localized network of suppliers is therefore vital to Siemens' success. We aim to leverage this network to best effect and continuously optimize it. To achieve this, we are committed to systematic Supplier Management that not only takes account of criteria like quality, costs and availability, but also innovativeness and sustainability.

To act in accordance with clear principles of sustainability and integrity: That is what we expect not only of ourselves but also of our suppliers. Our basic requirements – such as respect for the basic rights of employees and environmental protection – are defined in the Code of Conduct for Siemens Suppliers. Under relevant clauses in our procurement contracts and our Conditions of Purchase, all Siemens suppliers must undertake to meet these requirements and also promote compliance with them in their own supply chain.

Find out more about the Code of Conduct for Siemens Suppliers. It is based on the ten principles of the UN Global Compact and reflects the content of our Siemens Business Conduct Guidelines:

[www.siemens.com/sr/code-of-conduct](http://www.siemens.com/sr/code-of-conduct)

[www.siemens.com/sr/bcg](http://www.siemens.com/sr/bcg)

We have also integrated sustainability requirements in all relevant Supplier Management processes, such as Supplier Selection, Supplier Qualification and Supplier Evaluation, as well as Supplier Development, and established appropriate internal control and monitoring mechanisms throughout the Company.

Find out more about our supplier management: [www.siemens.com/sr/suppliers](http://www.siemens.com/sr/suppliers)

## IDENTIFYING RISKS AND DEVIATIONS AND IMPLEMENTING MEASURES FOR IMPROVEMENT

Because our supplier network is very large and ramified, it is not possible for us to inspect all suppliers to the same extent by auditing them on site. We have therefore established a system of appropriate processes to enable us to identify potential risks in our supply chain systematically. It consists of Sustainability Self Assessments, a Risk Evaluation conducted by the buyer, a Sustainability Module as part of Supplier Quality Audits, and Sustainability Audits by external auditors. If greater sustainability risks are identified, we specifically audit the suppliers in question on site. We pay special attention to inspecting suppliers in emerging countries where we increasingly purchase products as part of our Global Value Sourcing program.

### Sustainability Self Assessments

Number	FY 2011 <sup>1</sup>	FY 2010	FY 2009
Europe, C.I.S. <sup>2</sup> , Africa, Middle East	752	109	95
Americas	568	67	57
Asia, Australia	1,557	777	110
<b>Total</b>	<b>2,877</b>	<b>953</b>	<b>262</b>

Results	FY 2011
"Green" category (no deviations)	1,692
"Yellow" category (minor deviations) <sup>3</sup>	605
"Red" category (suspicion of serious deviations) <sup>3</sup>	580
<b>Total</b>	<b>2,877</b>

- 1 Questionnaires initiated in the year under review and completed by the end of Q1 2012.
- 2 Commonwealth of Independent States
- 3 Clarification of the situation by the responsible buyer, agreement on corrective measures within a defined period of time or conducting of an external Sustainability Audit.

If deviations from our requirements are identified, they must be remedied by the suppliers in question within a reasonable period of time. If this is not done, we exclude the suppliers from any business with Siemens. In all we do, we are guided by the principles of developing suppliers in close partnership and building up their competencies for the long-term.

More information about and examples of our system of detection modules can be found at:

[www.siemens.com/sr/supplier-assessments](http://www.siemens.com/sr/supplier-assessments)

In fiscal 2011, we again increased the number of Sustainability Self Assessments and external Sustainability Audits.

### Number of Supplier Quality Audits with Sustainability Module by Region

	FY 2011	FY 2010	FY 2009
Europe, C.I.S. <sup>1</sup> , Africa, Middle East	96	62	98
Americas	10	48	35
Asia, Australia	188	236	210
<b>Total</b>	<b>294</b>	<b>346</b>	<b>343</b>

- 1 Commonwealth of Independent States

## External Sustainability Audits

Number	FY 2011	FY 2010	FY 2009 <sup>2</sup>
Europe, C.I.S. <sup>1</sup> , Africa, Middle East	24	20	–
Americas	29	31	–
Asia, Australia	231	152	–
<b>Total</b>	<b>284</b>	<b>203</b>	<b>–</b>

Agreed Improvements measures <sup>3</sup>	FY 2011
Supply chain	295
Health and safety of employees	2,277
Environmental protection	377
Legal compliance/prohibition of corruption and bribery	443
Respect for the basic human rights of employees	1,466
Prohibition of child labor	105
<b>Total</b>	<b>4,963</b>

- 1 Commonwealth of Independent States
- 2 Planning and pilot phase
- 3 Improvements measures agreed with suppliers relate either to actual deviations from the Code of Conduct for Siemens Suppliers or to structural improvements in management systems and the lack of specific processes and guidelines at the supplier.

The number of agreed improvement measures per supplier in response to external Sustainability Audits has risen sharply. This is mainly due to the fact that the audit protocol has been revised. As a result, we can describe and track improvement measures in greater detail. This also gives suppliers a better understanding of how identified deviations from the requirements of the Code of Conduct for Siemens Suppliers can be remedied. Improvement measures are agreed with suppliers for all identified deviations and their implementation is checked by us. The deviations mainly relate to structural deficiencies in management systems and the lack of specific processes and guidelines at the supplier. In addition, serious deviations were identified at 13 suppliers, but were corrected by the set deadline.

## KNOW-HOW TRANSFER AND BUILDING COMPETENCE

Our suppliers' commitment to comply with our sustainability principles is most effective when it is based on their own convictions. We are therefore increasingly committed to building their competence and intensifying knowledge transfers related to sustainability. To this end, we held additional working meetings on the topic of sustainability with selected suppliers in China, Malaysia, South Africa and Russia in fiscal 2011.

We provide free web-based training on the topic of sustainability for all suppliers. This can be found at: [www.siemens.com/sr/web-based-training](http://www.siemens.com/sr/web-based-training)

We have also made sustainability requirements and fulfilling them an integral part of the Siemens-wide training programs for buyers. Moreover, all employees with purchasing responsibility are obliged to take part in web-based training on the topic of "Sustainability in the Supply Chain."

## REGIONAL RESPONSIBILITY AS A CUSTOMER

As part of our Global Value Sourcing program, we aim to increase the share of our sourcing from emerging countries. In particular in working with suppliers in these countries, our policy is to systematically develop and expand their competence in order to generate sustainable value added for all the parties involved.

More information about this topic can be found at: [www.siemens.com/sr/global-value-sourcing](http://www.siemens.com/sr/global-value-sourcing)

## RESOURCE EFFICIENCY AND CLIMATE PROTECTION IN THE SUPPLY CHAIN

Energy efficiency is one of the most effective ways we can help protect the climate. This is where our Energy Efficiency Program for Suppliers (EEP<sub>4</sub>S) comes in. It shows how suppliers can reduce greenhouse gas emissions in their own production operations by using energy responsibly and making sparing use of natural resources. More information about carbon dioxide management along the value chain can be found on page 44.

More information about our Energy Efficiency Program for Suppliers (EEP<sub>4</sub>S) can be found on the Internet at: [www.siemens.com/sr/EEP4S](http://www.siemens.com/sr/EEP4S)

We reported for the first time in the year under review on our greenhouse gas emissions (Scope 3) caused by purchased products and services as part of the Carbon Disclosure Project.

[www.siemens.com/sr/suppliers](http://www.siemens.com/sr/suppliers)  
[www.siemens.com/scm](http://www.siemens.com/scm)

Siemens does business in over 190 countries around the world. Ever since our Company was founded, we have been conscious of our responsibility in the various societies in which we operate – as an employer, customer and taxpayer. As such, the topic of corporate citizenship is an integral part of our overall understanding of sustainability and therefore firmly anchored in the Siemens Group's philosophy.

## OUR CORPORATE CITIZENSHIP ACTIVITIES

Our activities are geared towards the long term and aim to effectively and sustainably improve living conditions by helping people help themselves. To do so, we rely heavily on the expertise we have accumulated through our business. With our product portfolio, we provide answers to the major challenges of our time: demographic change, urbanization, globalization and climate change.

Our corporate citizenship activities, which we carry out on the basis of established operational rules, therefore focus on the topics of environmental protection, education and science, social and humanitarian assistance as well as the arts and culture. We are convinced that these are the areas in which our specific know-how, our resources and our local presence around the world can bring the biggest benefit for society – and therefore also for Siemens.

Mastering major challenges requires profound local knowledge and long-term commitment. The responsibility for choosing and carrying out charitable activities therefore lies with the local management. This ensures that we give support where it is needed most. The help we provide can take a variety of forms, ranging from product or in-kind donations, for example of ultrasound systems or water filters, to cash donations and voluntary personal involvement of our employees (Volunteering).

In addition, we provide immediate aid in the wake of natural disasters. During fiscal 2011, for example, Siemens and its employees donated around €5 million after the devastating earthquake and tsunami in Japan. Employee donations added up to €2 million, with Siemens matching this amount and additionally donating about €1 million in kind. The majority of cash donations went to members of the International Federation of Red Cross and Red Crescent Societies.

The Siemens values of being responsible, excellent and innovative also apply to our social engagement. They lay the foundation for our high quality standards when choosing the projects we support, carrying them through and measuring their effectiveness. A major factor that contributes to meeting these standards is the close cooperation of our Siemens Citizenship employees around the world, who use platforms to exchange knowledge and experience and jointly develop methods and processes. One example is the method we use to select corporate citizenship projects, which was tested and optimized in India and Russia in fiscal 2011 and will be implemented on a global scale with the introduction of our corporate citizenship strategy in fiscal 2012.

Particularly motivated employees and teams are awarded with a prize. In October 2011, at our annual conference of the top 500 Siemens managers, the Managing Board honored the Chinese I-Green Education Program with a special Corporate Citizenship Award, for example. The program's aim is to playfully teach the children of migrant workers about science and environmental issues. It comprises a "green curriculum," hourly lessons held by Siemens employees and product donations such as energy-efficient lamps. More than 10,000 children at ten different schools have already benefited from this initiative.

An example from the field of environmental protection comes in the form of the Mexican charity project "Luz cerca de todos" (lights close to everyone). The project's aim is to provide towns that are not connected to the public power grid with renewable energy. Siemens helped the project with the installation of 182 solar power systems for private houses and ten systems for public buildings in nine communities. The company donated €230,000 for material and supervised the installation. The solar panels generate enough electricity to operate lamps, a radio or a television for several hours.

Another example of our commitment, this time to education, is the cooperation between Siemens and the Central Piedmont Community College in Charlotte, U.S. (see page 24).

You can find out more about corporate citizenship topics on the Internet at:

[www.siemens.com/sr/corporate-citizenship](http://www.siemens.com/sr/corporate-citizenship)

More examples can be found on the Internet at:

[www.siemens.com/sr/corporate-citizenship-references](http://www.siemens.com/sr/corporate-citizenship-references)

Further information as well as a film about "Luz cerca de todos" can be found on the Internet at:

[www.siemens.com/sr/lights-close-to-everyone](http://www.siemens.com/sr/lights-close-to-everyone)

## FACTS & FIGURES

### Donations

	FY 2011	FY 2010	FY 2009
Total (in millions of €)	33.3	36.0	30.6
Share of net profit (in %)	0.5	0.9	1.2

### Donations by category and fiscal year (in millions of €)

	FY 2011	FY 2010	FY 2009
Education and science	18.7	19.9 <sup>1</sup>	17.3 <sup>1</sup>
Humanitarian and social issues	9.5	11.3	6.0
Arts and culture	4.7	4.5	7.3
Environmental protection <sup>2</sup>	0.4	0.3	–
<b>Total</b>	<b>33.3</b>	<b>36.0</b>	<b>30.6</b>

- <sup>1</sup> Donations for education and science in fiscal 2009 and 2010 in Germany (Siemens AG) include a special effect from the contribution of €5 million (2009) and €7.5 million (2010) by Siemens AG to the ESMT-Stiftung, European School of Management and Technology GmbH.
- <sup>2</sup> The category of "environmental protection" was introduced at the beginning of fiscal 2010.

### Donations by region and fiscal year (in millions of €)

	FY 2011	FY 2010	FY 2009
Germany	15.2	22.6 <sup>1</sup>	16.8 <sup>1</sup>
Europe (except Germany), C.I.S. <sup>2</sup> , Africa, Middle East	4.4	4.5	5.4
Americas	10.0	6.0	5.8
Asia, Australia	3.7	2.9	2.6
<b>Total</b>	<b>33.3</b>	<b>36.0</b>	<b>30.6</b>

- <sup>1</sup> Donations for education and science in fiscal 2009 and 2010 in Germany (Siemens AG) include a special effect from the contribution of €5 million (2009) and €7.5 million (2010) by Siemens AG to the ESMT-Stiftung, European School of Management and Technology GmbH.
- <sup>2</sup> Commonwealth of Independent States

## SIEMENS STIFTUNG

Established in 2008 with a capital of about €400 million, Siemens Stiftung complements Siemens' corporate citizenship activities and cooperates with the other five corporate foundations in Argentina, Brazil, Columbia, the United States and France. Its goal is to empower people to actively contribute towards social development. In fiscal 2011, the foundation was involved with a project budget of about €12 million both in national and international projects dedicated to enhancing basic services and social entrepreneurship, promoting education and strengthening the arts and culture. It focuses on holistic, non-business-related, transferable projects and models in sub-Saharan Africa, Latin America and Europe, with a particular emphasis on Germany.

More information on the goals and projects of Siemens Stiftung and other corporate foundations is available at:

[www.siemens-stiftung.org](http://www.siemens-stiftung.org)

Our achievements to date as well as the high expectations of our employees and other stakeholders are both an acknowledgement and an incentive to keep improving our programs and practices in the coming years. By this means, we aim to fulfill our responsibility as a company and make an effective contribution towards achieving the millennium development goals and implementing the ten Global Compact principles of the United Nations.

[www.siemens.com/sr/corporate-citizenship](http://www.siemens.com/sr/corporate-citizenship)

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Efficient sustainability management is a Company-wide task that requires a clear organizational structure and a thorough anchoring of sustainability in our corporate culture.

A detailed description of the management approaches, further facts and figures, goals and references can be found on our Sustainability website at: [www.siemens.com/sr/sustainability-core-topics](http://www.siemens.com/sr/sustainability-core-topics)

# Additional information

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The audit performed by PwC relates exclusively to the German print version of the Sustainability Report. The following text is a translation of the original German Independent Assurance Report.

To Siemens AG, Berlin and Munich

We have been engaged to perform a limited assurance engagement on the Sustainability Report of Siemens AG, Berlin and Munich, for the fiscal year 2011 (the "Sustainability Report").

## MANAGEMENT'S RESPONSIBILITY

The Managing Board of Siemens AG is responsible for the preparation of the Sustainability Report in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7-17) of the Global Reporting Initiative (GRI):

- > Materiality,
- > Stakeholder Inclusiveness,
- > Sustainability Context,
- > Completeness,
- > Balance,
- > Clarity,
- > Accuracy,
- > Timeliness,
- > Comparability and
- > Reliability.

This responsibility includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Sustainability Report.

## PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a conclusion based on our work performed as to whether any matters have come to our attention that cause us to believe that the Sustainability Report for the financial year 2011 has not been prepared, in all material respects, in accordance with the above mentioned criteria of the Sustainability Reporting Guidelines Vol. 3 of the GRI.

We also have been engaged to make recommendations for the further development of sustainability management and sustainability reporting based on the results of our assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

In a limited assurance engagement the evidence-gathering procedures are more limited than in a reasonable assurance engagement (for example, an audit of financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code")), and therefore less assurance is obtained than in a reasonable assurance engagement.

The procedures selected depend on the practitioner's judgement. Within the scope of our work we performed amongst others the following procedures:

- > Inquiries of personnel in the central function Corporate Sustainability responsible for the preparation of the Sustainability Report regarding the process to prepare the Sustainability Report and the underlying internal control system;
- > Inquiries of personnel in the corporate functions that are responsible for the topics Corporate Sustainability, Innovation, Customers and portfolio, Compliance, Environmental protection, Product responsibility, Occupational health and safety, Employees, Suppliers and Corporate citizenship;
- > Inspection and sample testing of the systems and process documentation for collection, analysis, plausibility checks and aggregation of sustainability data;
- > Site visits as part of the inspection of processes for collecting, analyzing and aggregating the selected data:
  - in the corporate headquarters,
  - in all three Sectors by visiting the Divisions Drive Technologies, Power Transmission, Mobility and Logistics as well as Clinical Products,
  - at the Drive Technologies site in Congleton (U.K.),
  - at the Power Transmission site in Bogotá (Columbia),
  - at the Clinical Products site in Shanghai (China),
  - at the Mobility and Logistics sites Krefeld (Germany) and Sacramento (U.S.),
  - as well as in the Regional Companies Columbia (Bogotá) and India (Mumbai);



- 
- > Inspection of internal documents, contracts and invoices/ reports of external service providers;
  - > Analytical procedures on selected sustainability data;
  - > Comparison of selected data with corresponding data in the Siemens Annual Report 2011;
  - > Inspection of documents regarding the description and approval of the sustainability strategy as well as understanding the sustainability management structure, the stakeholder dialogue and development process of Siemens AG's sustainability program.

### **CONCLUSION**

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the Sustainability Report of Siemens AG for the financial year 2011 has not been prepared, in all material respects, in accordance with the criteria of the Sustainability Reporting Guidelines Vol. 3 (pp. 7-17) of the GRI.

Munich, April 16, 2012

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Andreas Menke                      Michael Werner  
Wirtschaftsprüfer  
(German Public Auditor)

Siemens has been a participant in the UN Global Compact since 2003 and is expressly committed to upholding the Compact's ten principles. This Sustainability Report, and in particular the following report index, describes the progress we have made during the year – broken down according to the systems and measures we have implemented and our achievements.

## Index according to the ten principles of the Global Compact

Principle	Systems	Measures	Achievements
<b>Principle 1</b> Support of human rights	<p>With the Siemens Business Conduct Guidelines, we have committed ourselves to observing human rights and the core labor standards. With our Code of Conduct for Siemens Suppliers, we ensure that these basic rights and principles are also observed in our supply chain.</p> <ul style="list-style-type: none"> <li>&gt; Compliance, page 58ff.</li> <li>&gt; Suppliers, page 74ff.</li> <li>&gt; Fundamental rights of workers, page 70ff.</li> </ul>	<p>We operate a modular, risk-based system to check that all our suppliers are adhering to our Code of Conduct for Siemens Suppliers. In the year under review, we had external sustainability audits carried out, optimized our processes, and increased the number of supplier self-assessments.</p> <ul style="list-style-type: none"> <li>&gt; Identifying risks and deviations and implementing measures for improvement, page 74ff.</li> </ul>	<p>In fiscal 2011, we conducted 294 supplier quality audits with a sustainability auditing module. In the course of 284 external sustainability audits, a further 4,963 measures for improvement were identified, including 30% (1,466) in the area of basic employee rights and 2% (105) in the area of child labor.</p> <ul style="list-style-type: none"> <li>&gt; Identifying risks and deviations and implementing measures for improvement, page 74ff.</li> </ul>
<b>Principle 2</b> Exclusion of human rights abuses			
<b>Principle 3</b> Assurance of freedom of association			
<b>Principle 4</b> Elimination of all forms of forced labor			
<b>Principle 5</b> Abolition of child labor			
<b>Principle 6</b> Elimination of discrimination	<p>In accordance with our Business Conduct Guidelines and labor legislation in the countries in which Siemens is active, we tolerate no form of discrimination. We actively foster diversity within the Company through our Diversity Initiative.</p> <ul style="list-style-type: none"> <li>&gt; Diversity in practice, page 70ff.</li> </ul>	<p>To reflect diversity across all levels in the Company, we are rolling out various focused measures, including the formation of a network of around 160 Siemens Diversity Ambassadors and our Global Leadership Organization of Women.</p> <ul style="list-style-type: none"> <li>&gt; Diversity in practice, page 70ff.</li> </ul>	<p>In fiscal 2011, women accounted for 25% of our total workforce and 14.6% of our managers.</p> <ul style="list-style-type: none"> <li>&gt; Employees in management positions, page 70</li> <li>&gt; Women employees, page 70</li> </ul>

Index according to the ten principles of the Global Compact

Principle	Systems	Measures	Achievements
<b>Principle 7</b> Precautionary approach to environmental protection	Our responsibility for environmental protection is embedded in our Siemens EHS Principles. In addition, our in-house standard SN 36350 ensures that we comply with the principle of precautionary environmental protection in all our product design processes.  > Environmental protection, page 60ff. > Product responsibility, page 66ff.	In fiscal 2011, we introduced comprehensive measures for achieving our reduction goals in the areas of energy (20%), water (20%) and waste (15%). Our efforts here include stepping up our Energy Efficiency Program.  > Environmental protection, page 60ff. > Lifecycle assessments, page 66ff.	Relative to the baseline year 2006, our efficiency improvement was 26% in primary energy and district heating and 12% in electricity. Our carbon efficiency improved by 22%. Environmental performance in the area of waste improved by 14% in the same period, and by 33% in the area of water.  > Environmental protection, page 60ff.
<b>Principle 8</b> Specific initiatives to promote environmental protection	Raising our employees' awareness of environmental and climate protection is an element of both our environmental strategy and our social commitment. With internal communications measures and our corporate citizenship focus on environmental protection, we help create a greater sense of responsibility for ecological issues inside and outside the Company.  > Environmental protection, page 60ff. > Corporate citizenship, page 76ff.	We are implementing numerous internal communications measures in order to heighten our employees' awareness of the environment. As part of our Energy Efficiency Program, we include employees in efforts to improve energy efficiency at individual locations. In fiscal 2011, we also honored employee commitment through the presentation of the special Corporate Citizenship Award by the Managing Board.  > Environmental protection, page 60ff. > Corporate citizenship, page 76	In fiscal 2011, we donated around €18.7 million to education and science.  > Donations by category, page 77
<b>Principle 9</b> Diffusion of environmentally friendly technologies	As part of our Environmental Portfolio, we develop and market products and solutions that enable our customers to reduce their CO <sub>2</sub> emissions, lower lifecycle costs and protect the environment.  > The Environmental Portfolio is a key driver of sustainable growth, page 56	In fiscal 2011, we added numerous products to the Siemens Environmental Portfolio.  > The Environmental Portfolio is a key driver of sustainable growth, page 56	The products and solutions of the Siemens Environmental Portfolio that were installed for our customers from 2002 to 2011 have helped them cut their CO <sub>2</sub> emissions by around 317 million tons a year.  > The Environmental Portfolio is a key driver of sustainable growth, page 56
<b>Principle 10</b> Measures against corruption	The Siemens Business Conduct Guidelines are the heart of our Compliance System.  > Compliance, page 58ff.	As part of One Siemens, we set four medium-term compliance priorities in fiscal 2011 aimed at advancing the prevention of corruption and other anti-competitive practices within the Company. Our efforts here include steps to maximize the effectiveness and efficiency of our compliance processes.  > Priorities and targets for fiscal 2012, page 59	As part of the first round of the Siemens Integrity Initiative, we are supporting 31 projects throughout the world with total funding of US\$37.7 million.  > Siemens Integrity Initiative, page 48ff.

Siemens became a signatory to the United Nations CEO Water Mandate in 2008. Our continuing support for the CEO Water Mandate not only means that we try not to waste water at our own locations, but also offer our customers products and solutions for the economical handling of water and waste water.

## 1. BUSINESS ACTIVITIES

For more information about the resource and water consumption targets at Siemens locations, see the section "Facts and figures: Environmental protection" on page 64.

## 2. WATER AND SUPPLY CHAIN MANAGEMENT

The environmental requirements that our suppliers must fulfill are defined in our Code of Conduct for Siemens Suppliers. For more information about this and our supply chain management, see pages 74-75.

## 3. COLLECTIVE ACTION

Our Siemens Water Technologies Business Unit is committed to driving the development of innovative and sustainable water treatment technologies. As a member of various international organizations, we're involved in a number of other programs and initiatives, including the World Business Council for Sustainable Development (WBCSD) Water Project. You can find out more about our work with external stakeholder groups and organizations on pages 8-10 of this report.

For further information go to the website of Siemens Water Technologies:  
[www.siemens.com/sr/water](http://www.siemens.com/sr/water)

## 4. PUBLIC POLICY

Siemens Water Technologies celebrates the annual World Water Day with a series of activities to raise awareness of the value of water. This includes the support for the SkyJuice Foundation, a charitable organization that joins with the Siemens Stiftung to supply the SkyHydrant™, a water filtration system for humanitarian projects and disaster relief. We've also developed the Personal Water Footprint Calculator, a tool that we make available through social networks to raise awareness of the importance of using water sparingly.

## 5. COMMUNITY ENGAGEMENT

We support a variety of water projects through our corporate citizenship activities. For example, we've donated water filtration systems as emergency relief for natural disasters. Read more about our Corporate Citizenship references on the following internet pages:

[www.siemens.com/sr/corporate-citizenship-references](http://www.siemens.com/sr/corporate-citizenship-references)

Internet article about Siemens' Safe Water Kiosk:

[www.siemens.com/sr/safe-water-kiosk](http://www.siemens.com/sr/safe-water-kiosk)

Website of the SkyJuice Foundation:

[www.skyjuice.com.au](http://www.skyjuice.com.au)

## 6. TRANSPARENCY

You will find GRI confirmation for our Sustainability Report 2011 on the next page and the corresponding index in full on our website at:

[www.siemens.com/sr/gri](http://www.siemens.com/sr/gri)



## Statement GRI Application Level Check

GRI hereby states that **Siemens AG** has presented its report "Siemens Sustainability Report 2011" 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.

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

Amsterdam, 23 March 2012

A handwritten signature in black ink, appearing to read "Nelmara Arbex".

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because Siemens AG has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

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The detailed GRI Index is available at our Sustainability website at:

[www.siemens.com/sr/gri](http://www.siemens.com/sr/gri)

# Notes and forward-looking statements

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There is no standard system that applies across companies for qualifying products and solutions for environmental and climate protection, or for compiling and calculating the respective revenues and the quantity of reduced carbon dioxide emissions attributable to such products and solutions. Accordingly, revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions may not be comparable with similar information reported by other companies. Revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions are derived from various internal reporting systems that are generally different from those applicable to the financial information presented in our Consolidated Financial Statements and are, in particular, subject to less sophisticated internal documentation as well as preparation and review requirements, including the IT systems in use and the general internal control environment. We may change our policies for recognizing revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions in the future without previous notice.

This document includes supplemental financial measures that are or may be non-GAAP financial measures. New orders and order backlog; adjusted or organic growth rates of revenue and new orders; book-to-bill ratio; Total Sectors profit; return on equity (after tax), or ROE (after tax); return on capital employed (adjusted), or ROCE (adjusted); Free cash flow, or FCF; cash conversion rate, or CCR; adjusted EBITDA; adjusted EBIT; adjusted EBITDA margins, earnings effects from purchase price allocation, or PPA effects; net debt and adjusted industrial net debt are or may be such non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation as alternatives to measures of Siemens' financial condition, results of operations or cash flows as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently. Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens' supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on Siemens' Investor Relations website at [www.siemens.com/nonGAAP](http://www.siemens.com/nonGAAP). For additional information, see supplemental financial measures and the related discussion in Siemens' most recent annual report on Form 20-F, which can be found on our Investor Relations website or via the EDGAR system on the website of the United States Securities and Exchange Commission.

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as "expects," "looks forward to," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to stockholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens' management, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens' control, affect Siemens' operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter "Risks" of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter "Report on risks and opportunities" of our most recent interim report.

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Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual, and interim reports as well as our most recent earnings release, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and on the SEC's website, [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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## FURTHER INFORMATION

This Sustainability Report is also available in German.

Both the English and German versions are available online at:

[www.siemens.com/sustainability-report](http://www.siemens.com/sustainability-report)

[www.siemens.com/nachhaltigkeitsbericht](http://www.siemens.com/nachhaltigkeitsbericht)

Additional information on sustainability is available at the Internet links specified in this report as well as at:

[www.siemens.com/sustainability](http://www.siemens.com/sustainability)

In addition to the Sustainability Report, Siemens publishes a comprehensive Annual Report at the end of each fiscal year and consolidated financial statements on a quarterly basis.

All these financial reports are available from Investor

Relations at:

[www.siemens.com/financialreports](http://www.siemens.com/financialreports)

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