

SIEMENS



14th European Corporate Governance Conference, 28th March 2014

The Siemens Compliance System

Only clean business is Siemens business

Siemens A.E.

Sofoklis Karapidakis

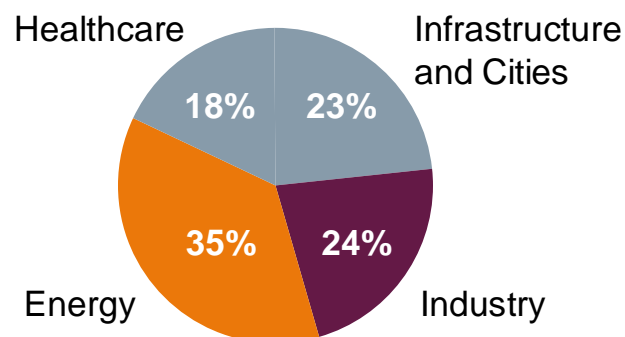
Regional Compliance Officer Greece

The Siemens Compliance System

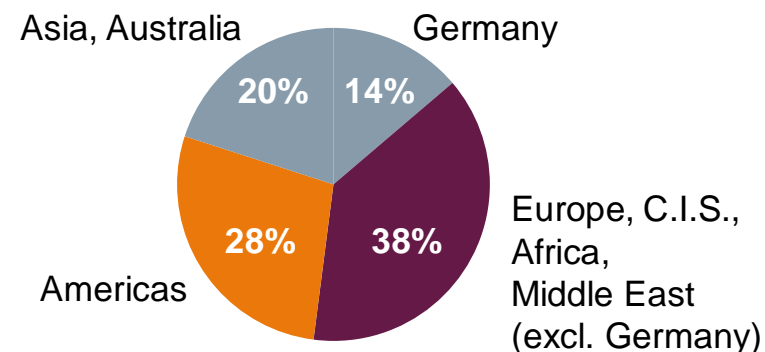
The Company

Key figures

Revenue by Sector

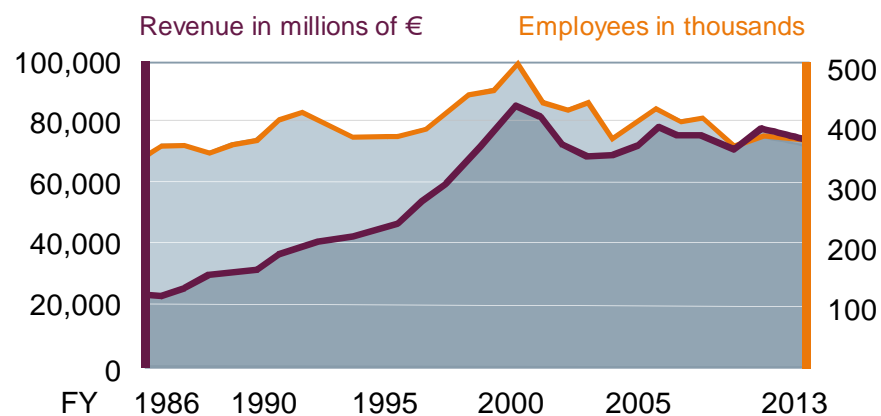


Revenue by Region



Based on customer location

Revenue and employees



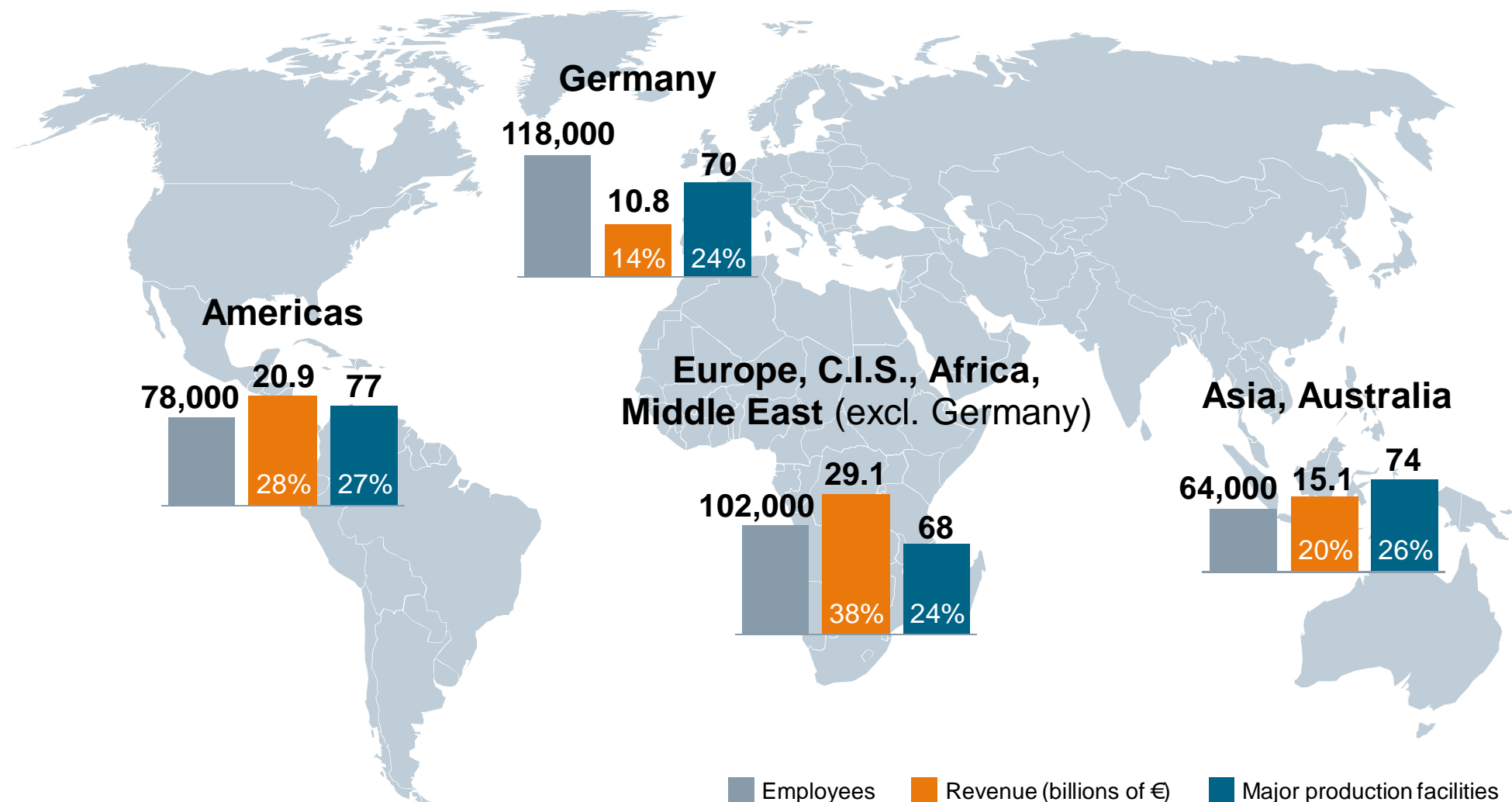
As reported in annual reports

Continuing operations – comparison with previous year

In millions of €	FY 2012	FY 2013
New orders	75,939	82,351
Revenue	77,395	75,882
Income	4,642	4,212
Free cash flow	4,727	5,257
Employees	366,000	362,000

A strong local partner for customers

In more than 200 countries



As of September 30, 2013; All numbers refer to continuing operations

The Siemens Compliance System

The Past

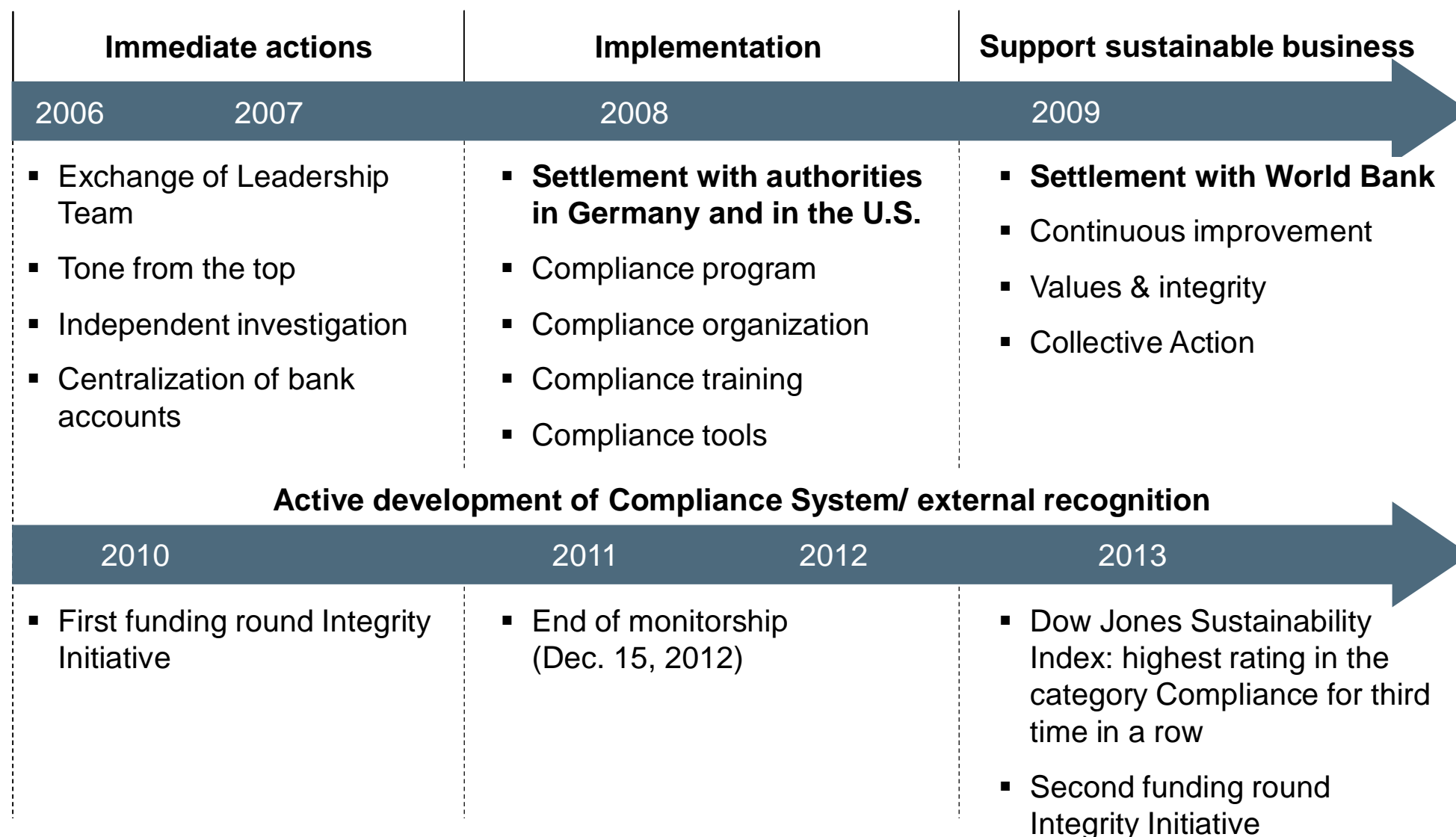
The disaster struck – November 2006 headlines



Possible scenarios

- Debarment from public tenders
- Penalties up to €10 billion
- Long-term damage to reputation and business
- Break-up of the company

Rapid reaction and implementation of our Compliance System, plus further development



The Siemens Compliance System

Siemens Today

“Tone from the top” as important internal and external message

“The culture of a company and its values make the difference. People rightly associate Siemens with reliability, fairness and integrity.”

Joe Kaeser,
President and CEO of Siemens AG



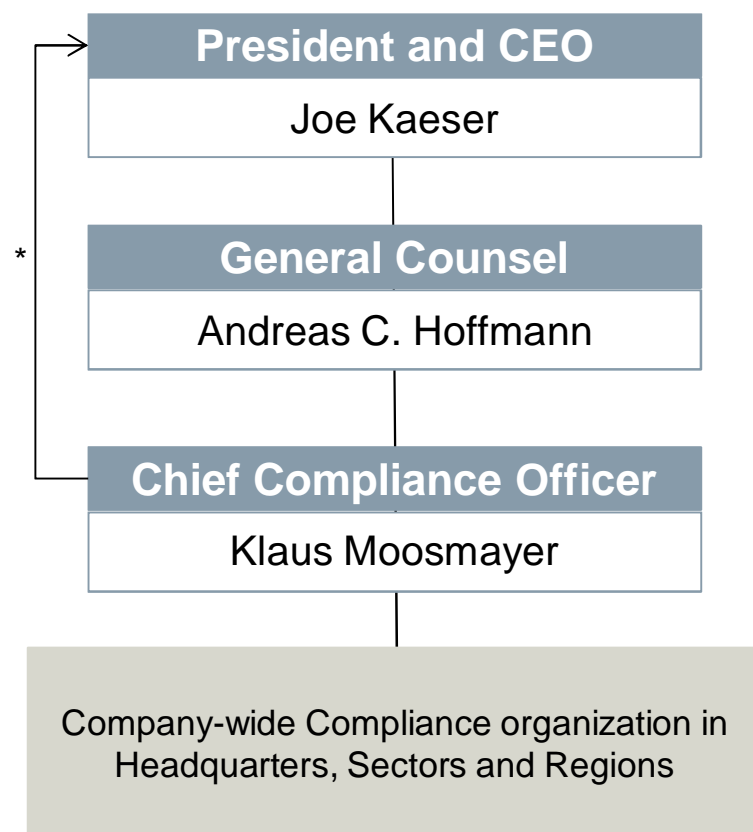
Our Compliance System – Management responsibility is the focus

We continuously develop the Compliance System further in order to adapt it to changing requirements according to our global business.



The Siemens Compliance Organization – clear roles & responsibilities

Direct connection to the CEO



* Direct reporting line to Board of Management and Supervisory Board re compliance risks and measures.

Roles of Compliance Officers

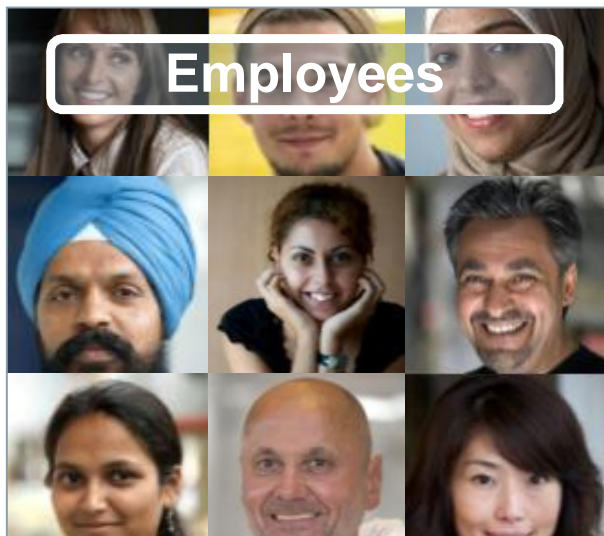


Tasks

- Continuous communication about the importance of Compliance for Siemens
- Bundling of company-wide expertise for avoidance of corruption and other violations of fair competition, and regarding data privacy
- Governance for investigations and disciplinary response

Compliance in global business – tasks and challenges

Employees



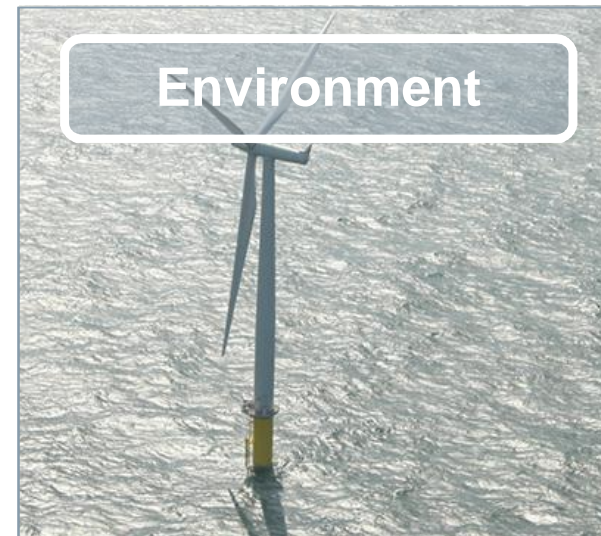
- Dissemination of knowledge about regulations and processes
 - Attitude and values lived out in practice
 - Role and role-model function of executives are decisive factors
- **Integrity dialog**

Business Partners



- Business partners as intermediaries to customers
 - Examples: sales agents, system integrators, custom agents
- **Risk-based Compliance due diligence of all business partners**

Environment



- High risk of corruption in many countries where Siemens does business
 - Countries with high annual growth also affected
- **Collective Action**

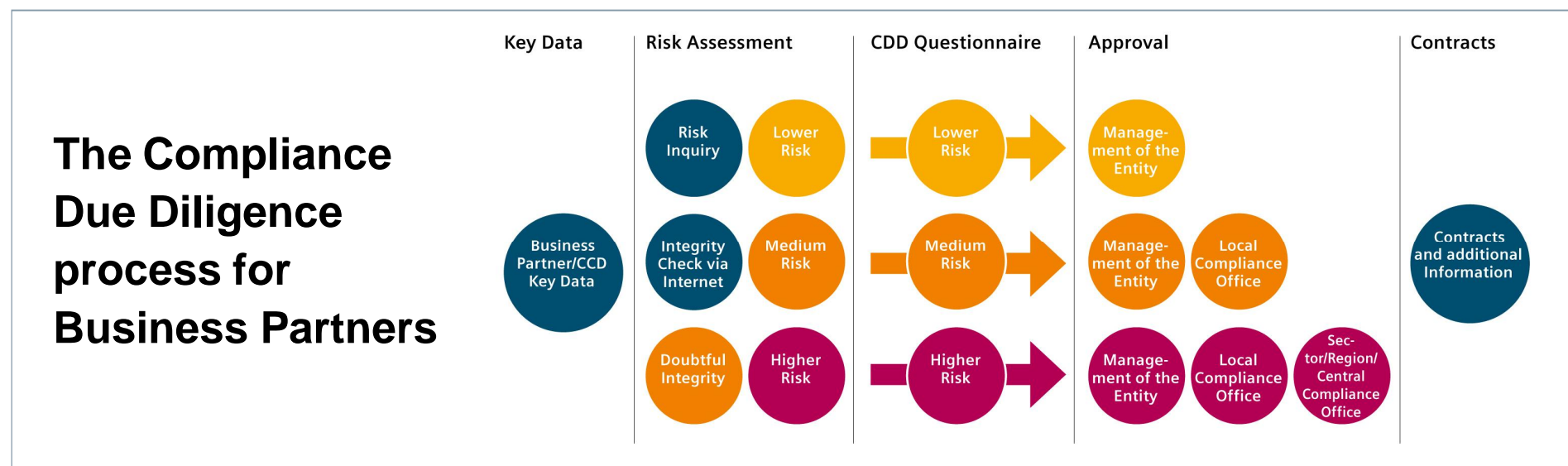
Our employees – in dialog on Compliance with their line manager

Integrity dialog in team meetings

- Objectives
 - to maintain awareness of Compliance
 - to provide a practical demonstration of management responsibility
- Managers discuss Compliance-related topics with their teams
- Contents: Risk-based selection of topics with central and local relevance
- Supported by Compliance Officer
- Global rollout during Fiscal Year 2013
- Repeated on annual basis



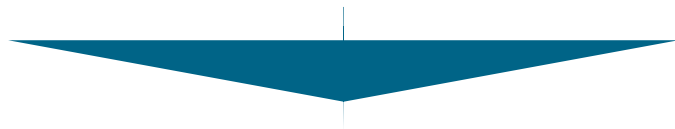
Business partner-related Compliance risks – uniform risk-assessment of all relationships



- All business partners with an intermediary function between Siemens and the customer must undergo a risk assessment (uniform across the company and supported by a tool).
- Based on certain risk indicators – such as, for example, the risk of corruption in the country of deployment – a risk class (higher, medium or lower risk) is defined for the business relationship, which subsequently determines further procedure (Due Diligence, requirement for approval and mandatory contract clauses).
- Around 13,000 business partners are classified by using this process.

Collective Action calls for high Compliance standards which benefit all market participants

- Fight corruption in concert with competitors and other players
- Create high compliance standards via a concept of prevention



- Integrate an independent institution for promotion and monitoring
- Define sanctions in case of violations



1) Non-Governmental Organizations such as Transparency International

We must remain vigilant...

Les Echos
Le Quotidien de l'Economie

**L'Etat de São Paulo poursuit
Siemens en justice**

Bloomberg.com

**Siemens Agrees to Pay \$10
Million to Settle New York
Fraud Case**

Spiegel Online

**Versuchte Bestechung in Kuwait:
Siemens deckt neue Korruption auf**

As at: January 2014

...and determinedly pursue any cases that arise...

Compliance investigation process



Stipulated standards

- The presumption of innocence applies, employee rights are safeguarded
- Works Council co-determination rights are protected
- Data protection is observed

... and continue with the constant development of the Compliance System

- Compliance has **top priority**
- Compliance System to **support sustainable growth** and create a **competitive advantage**
- **Risk-based further development** of the Compliance System, in order to maintain **high standards**
- **High rating** and **recognition** of our Compliance System in the annual assessments for the Dow Jones Sustainability Index: top rating in the Compliance category for the 3rd time in succession

Compliance priorities for Fiscal 2014

Stand for
Integrity

Committed to
Business

Managing Risk &
Assurance

Responsibility
for Data Privacy

Compliance metrics*

Indicators¹

	Year ended September 30,	
	2013	2012
Inquiries submitted to the Ask us help desk	416	1,009
Compliance cases reported	908	830
Disciplinary sanctions	305	266
<i>therein warnings</i>	188	173
<i>therein dismissals</i>	75	73
<i>therein other²</i>	42	20

1 Continuing and discontinued operations.

2 Includes loss of variable and voluntary compensation elements, transfer and suspension.

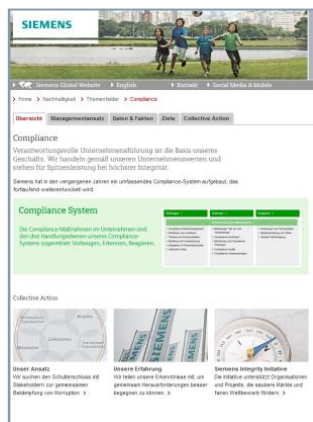


* Source: Siemens Annual Report 2013

Further information



[Business Conduct Guidelines](#)



[Compliance Homepage](#)



[Compliance System Brochure](#)



[Siemens Integrity Initiative](#)



[Annual Report 2013](#)



Thank you for your attention



Sofoklis Karapidakis

Regional Compliance Officer Greece

Phone: +30 210 6864924

Mobile: +30 6943100332

E-mail:

Sofoklis.Karapidakis@Siemens.com

siemens.com/compliance