

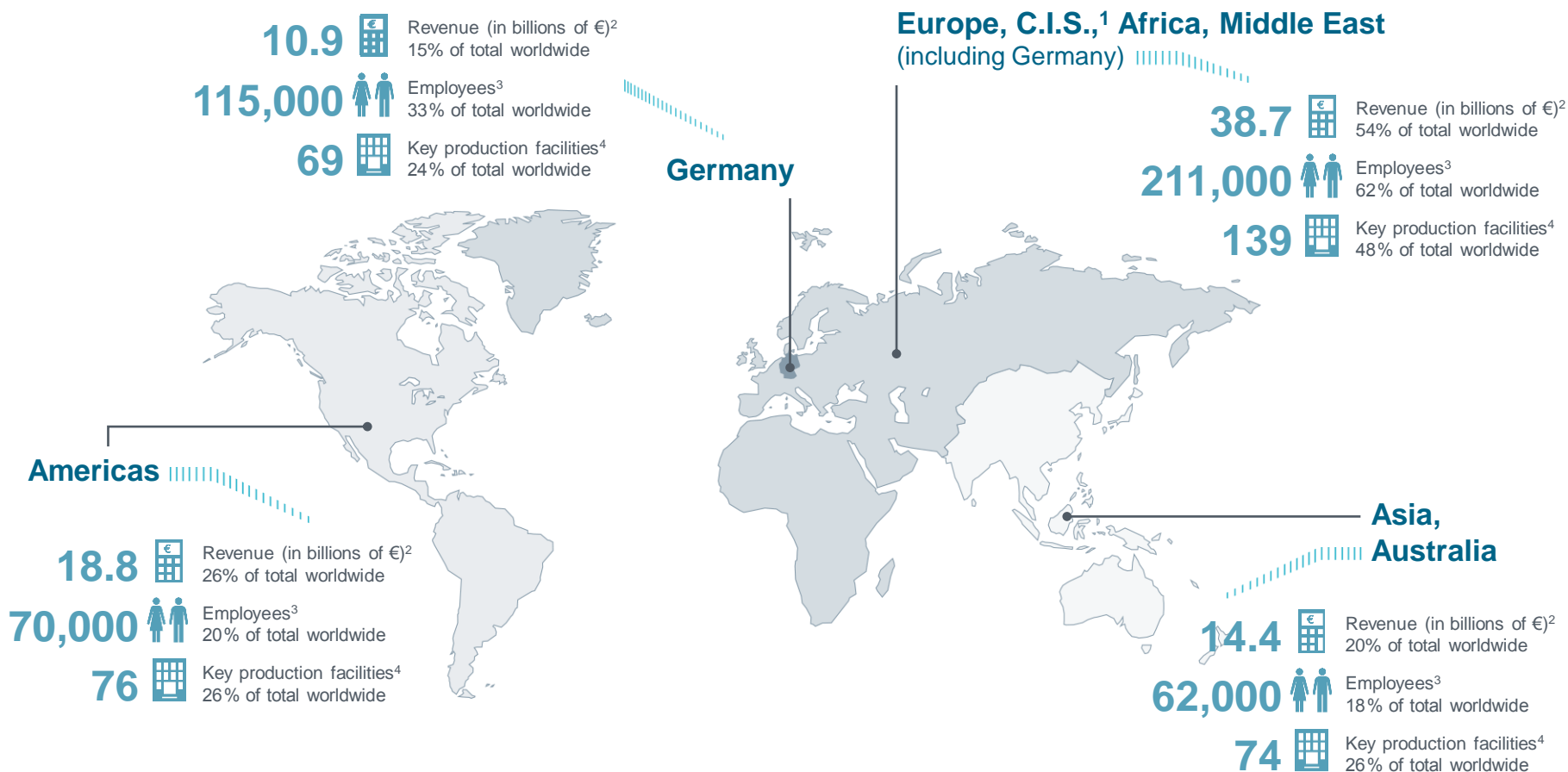


ICAC, Hong Kong, 12 May 2015

The Siemens Story – Part II – Sustaining Clean Business

Global presence

SIEMENS



All figures refer to continuing operations.

1 Commonwealth of Independent States. 2 By customer location. 3 As of September 30, 2014. 4 Fifteen employees or more.

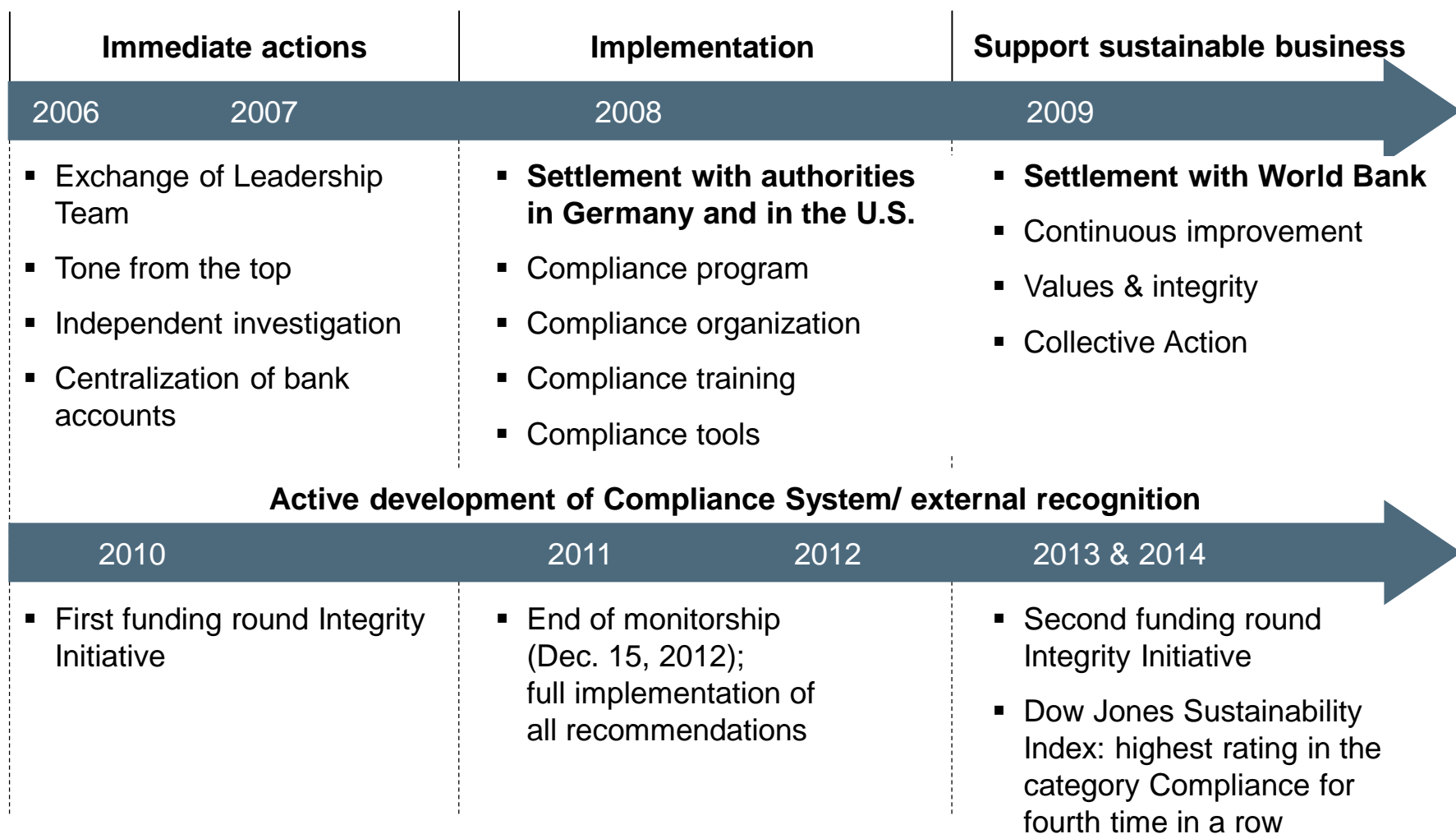
The disaster struck – November 2006 headlines



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



“Tone from the top” - 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



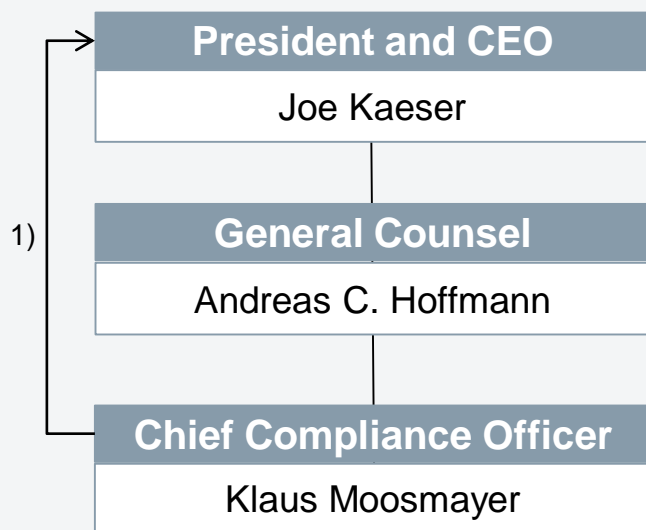
Our Compliance System – Management responsibility is the focus

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



Company-wide Compliance organization in
Headquarters, Divisions and Regions

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

Roles of Compliance Officers

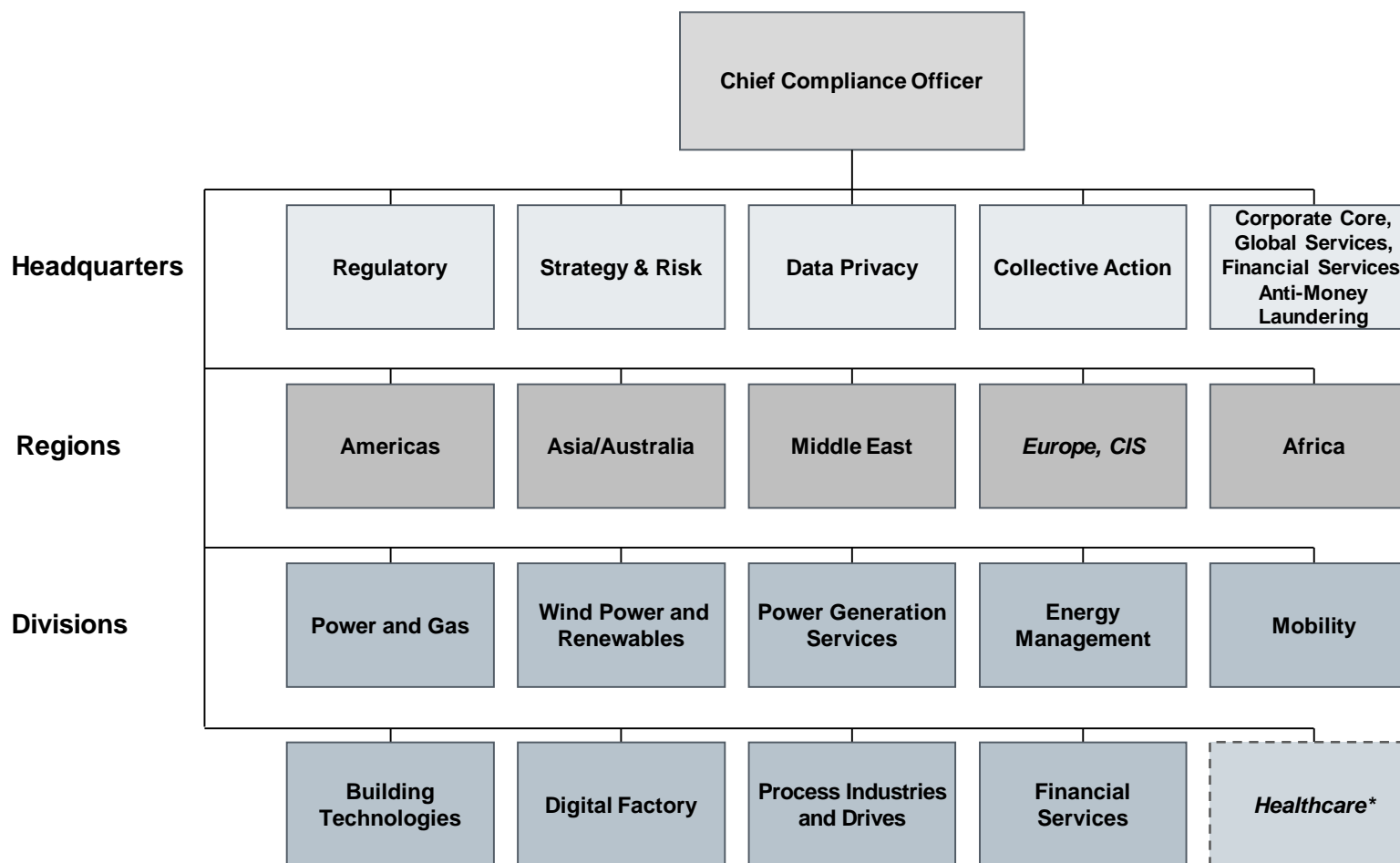


Tasks

- 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

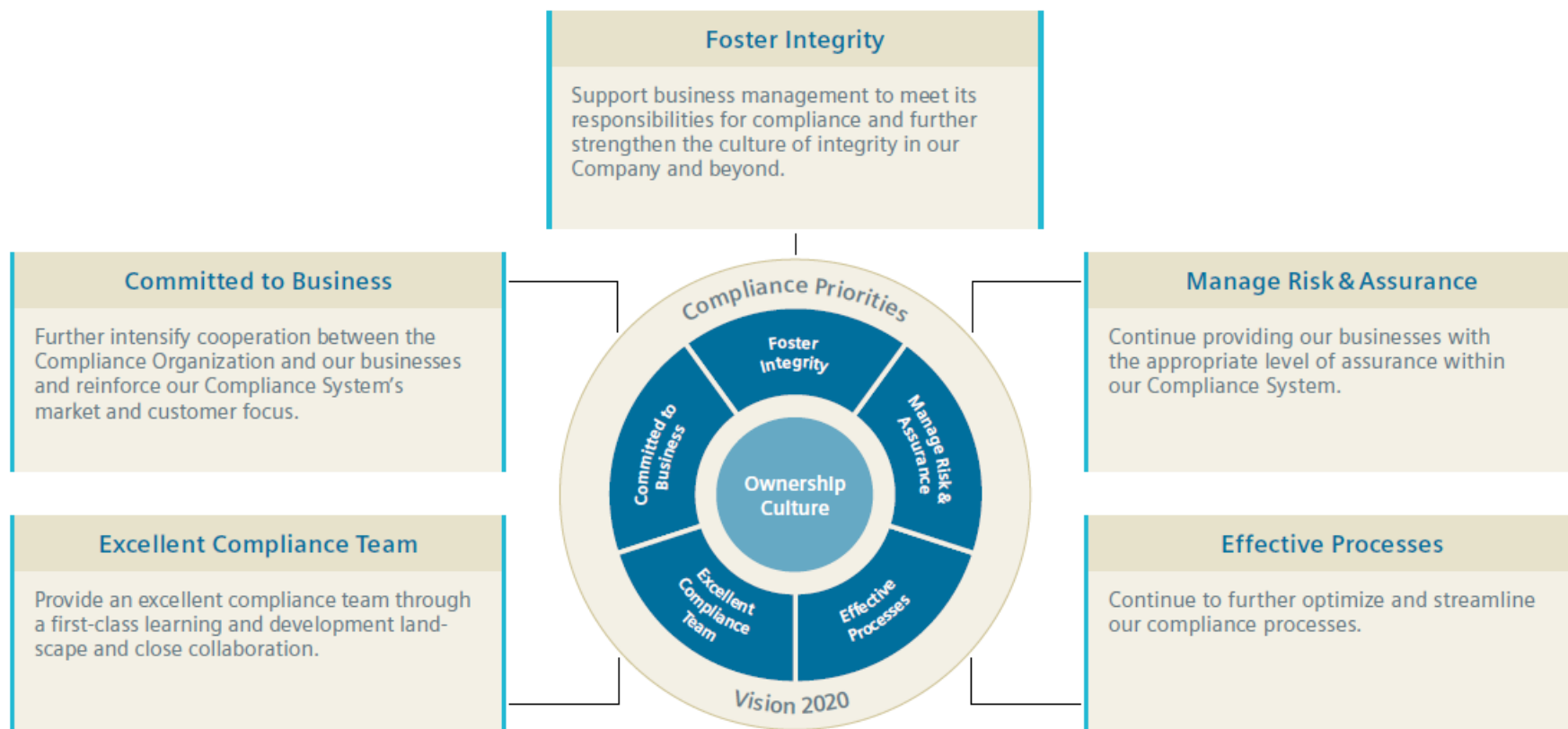
Compliance Organization as of October 1, 2014

Efficient setup due to company requirements



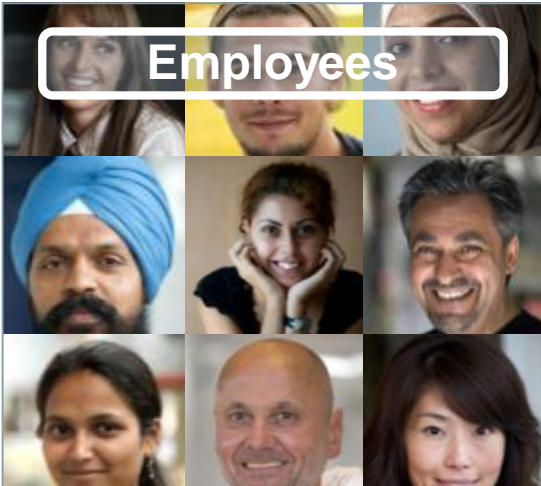
*: "Company within the company" model

Compliance Priorities



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**

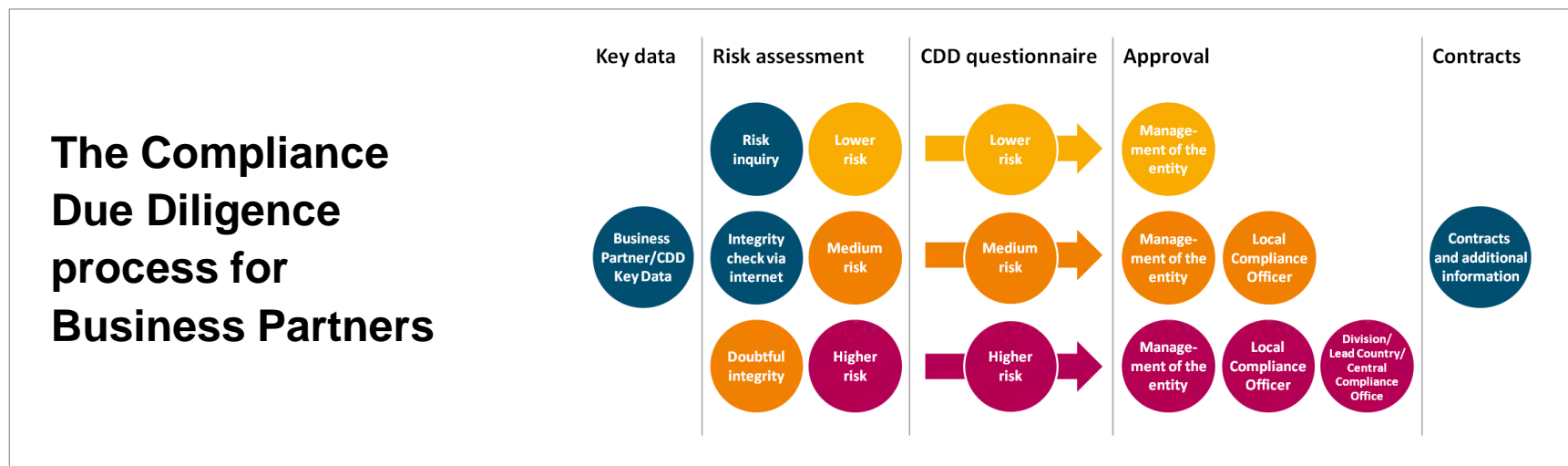
Our employees – in dialog on Compliance with their line manager

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).

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...

LesEchos
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
- Professional, fair, transparent investigation process
- Data privacy is observed

Compliance indicators*

Compliance indicators¹

	Year ended September, 30	
	2014	2013
Compliance cases reported	653	908
Disciplinary sanctions	195	305
<i>therein warnings</i>	114	188
<i>therein dismissals</i>	50	75
<i>Therein other²</i>	31	42

¹ Continuing and discontinued operations.

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



* Source: Siemens Annual Report 2014

The Human Factor

People are our greatest asset.....

.....but one person can put us at risk.....



So, who are these people?

People – Rewards

Champions of Compliance

Strong moral compass

Acknowledged “leaders” in their areas

Respected

Not predisposed to corrupt behavior

Act with the best interests of company at all times

Used to promote compliance message

People – Risks

Criminals

Absence of moral compass

Can be in leadership roles

Always seeking opportunities for personal benefit

Not concerned with Compliance program

Not concerned with bigger picture issues

Used in case studies for Compliance training

People - Risks

The Two Faced or Actors

Flexible standards on Compliance

More often to be found in operational management

Talk the talk, but away from the spotlight....

Influential individuals with direct reports

Work in the shadows as to their real objectives

Decisions based upon what is best for themselves

People - Risks

The Mute or Disinterested

Knows that unethical behavior exists

Can be involved in wrongdoing

Will not report wrongdoing to Compliance

Uncooperative with investigations

Will take advantage of loopholes

Claims ignorance or mistakes when challenged

People – Risks and Rewards

The Vast Majority.....The Focus Group for Compliance

Normal standards of behavior

Not involved – but opportunity can knock.....

Generally get on with their role

Remain under the radar if possible

Small percentage will report wrongdoing to Compliance

Need to demonstrate the positives of clean business to this group

The Future

Company Values

Responsible
Innovative
Excellent

Staff Education

Innovate with education
Face to face dialog
Engagement

Compliance Focus

Identify and Address Risk
Business Partners
Support the Business

Sustainable Clean Business

Global perspective
Local actions
Brand awareness

Contact



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