

Siemens Energy Compliance System

“Compliance is everybody’s responsibility.”



Information on Siemens Energy

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We Energize Society: Our Motivation and Common Values

The **Business Conduct Guidelines** help us apply our values: caring, agile, respectful and accountable

- We are caring. We listen to our customers and adapt to their needs.
- We are agile, move fast with simplicity and focus.
- We are respectful, open and inclusive.
- We are accountable and deliver on our promises.

This is how we jointly make real what matters.



Our guiding principle is:

Always act as if it was your own company.

Our History

The Disaster Struck – Siemens AG Headlines in November 2006



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...



Immediate actions		Implementation	Support sustainable business
2006	2007	2008	2009
<ul style="list-style-type: none">• Exchange of Leadership Team• Tone from the top• Independent investigation• Centralization of bank accounts		<ul style="list-style-type: none">• Settlement with authorities in Germany and in the U.S.• Compliance program• Compliance organization• Compliance training• Compliance tools	<ul style="list-style-type: none">• Settlement with World Bank• Continuous improvement• Values & integrity• Collective Action• Launch of 100M USD Siemens Integrity Initiative

... and active development and external recognition



The Present

“We Energize Society”

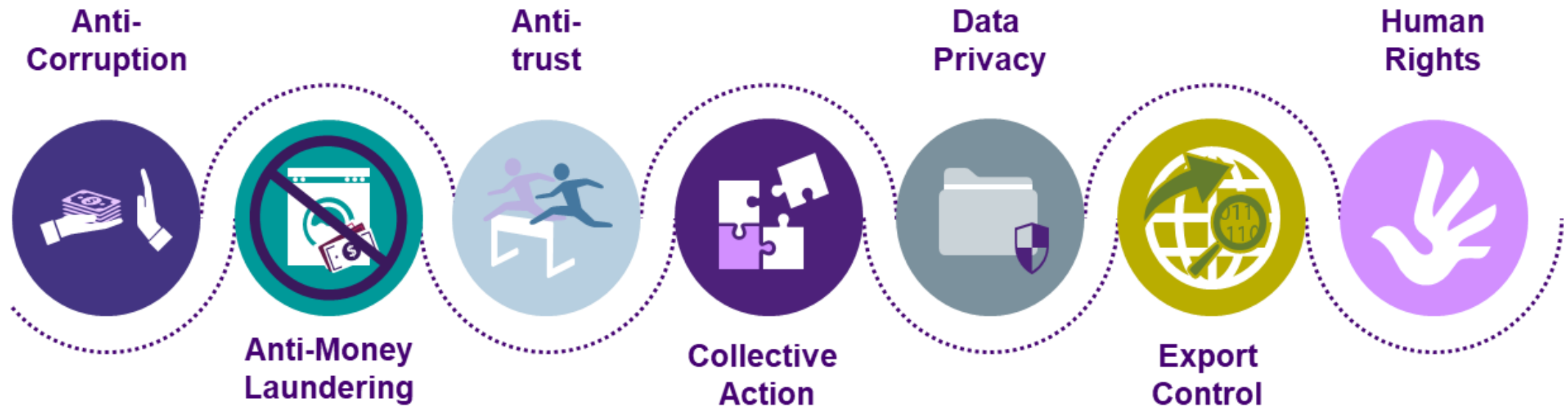


We can accomplish a great deal for society if we stay true to our values: We are caring, respectful, and accountable. These values shape our company culture and actions.

They call on us to comply with laws and regulations, always and wherever we operate. There is zero tolerance for violations. We will be successful because we take compliance seriously

Christian Bruch,
President and CEO of Siemens Energy AG

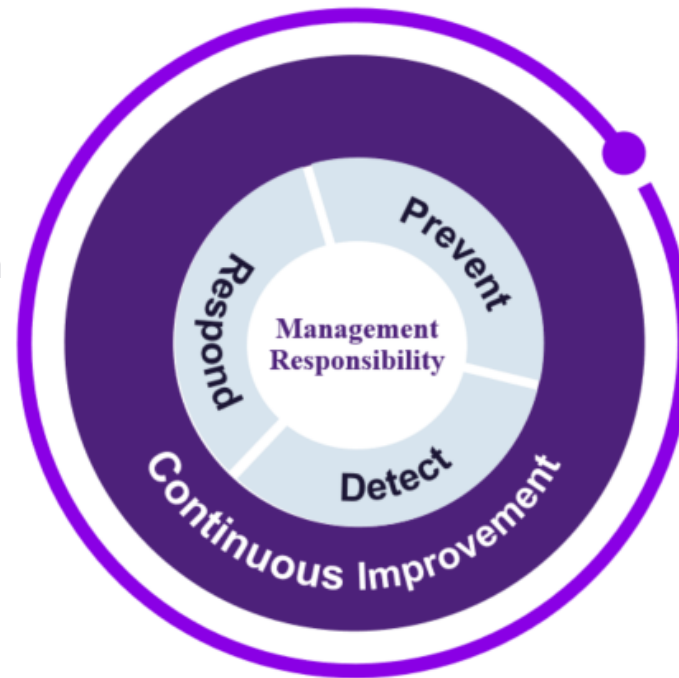
Compliance Focus Areas



Our Compliance System – Management responsibility is the focus

We continuously develop our Compliance System in order to adapt to the changing requirements of our global business while also increasing the efficiency of our processes and tools

Explicit consequences and clear reactions support the prevention of misconduct, for example to punish wrongdoing and to eliminate deficiencies



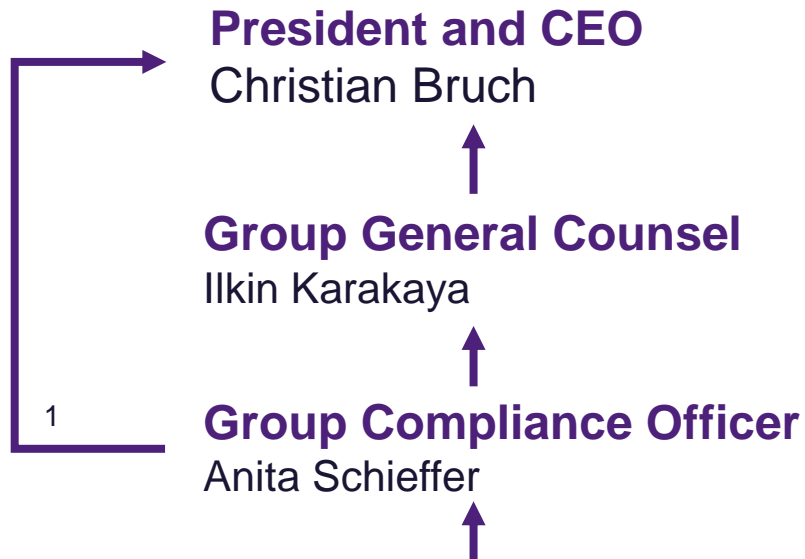
Effective **preventive measures** such as risk management, policies & procedures, training & communication and Collective Action enable systematic misconduct to be avoided

Effective Compliance work requires complete clarification: whistle-blowing channels “Speak Up” and ombudsperson, as well as professional and fair **investigations** as well as regular & ad-hoc audits

The Siemens Energy Compliance Organization Global Governance, Local Partner



Direct Access to the CEO



Company-wide Compliance organization in
Headquarters, Divisions and Hubs

Roles of the Compliance Officer



7 Focus Areas

Anti-Corruption

The prevention of the abuse of entrusted power for private gain

Anti-Money Laundering

The protection of Siemens from being abused for laundering money or financing terrorism

Antitrust

The preservation of market competition

Collective Action

The support of projects and organizations that combat corruption and fraud

Data Privacy

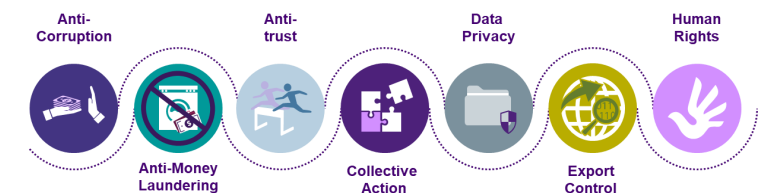
The protection of personal data

Export Control

Comply with (inter)national export control regulations

Human Rights

The commitment to human rights at Siemens



1 Direct access to Executive Board (EBM), Supervisory Board (SBM) and Audit Committee (AC)

Our Employees Integrity Dialog with Management

The Objective:

- Set tone from the top
- Maintain awareness of Compliance
- Provide a practical demonstration of management responsibility

How We Do It:

- Managers discuss Compliance-related topics with their teams
- Supported by Compliance Officer
- Risk-based selection of topics with central and local relevance



Contributions

Sponsoring activities,
Donations, Charitable
Contributions and
Memberships

Hospitality

business-related benefits
such as gifts, meals,
entertainment, payment of
travel and lodging expenses
or trade fair tickets

-
- Compliance Review and Approval for high-risk activities to mitigate potential risk of misusing such contributions to improperly influence recipients
 - Red flags occur or in certain risk areas – such as, for example, donations or contributions tied to a bid, activity is government related
 - Post-payment audit process as a control point
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Business partner-related Compliance risks – Uniform risk-assessment of all relationships



The Compliance Due Diligence process for Business Partner

- All business partners with an intermediary function between Siemens Energy and the customer must undergo a risk assessment (uniform across the company and supported by a tool)
- Based on certain risk indicators and red flags – such as, for example, the risk of corruption in the country of deployment – a risk class is defined for the business relationship, which subsequently determines further procedure
- Lifecycle management: Daily learning and adaption if needed – continuous development of risk management

Compliance in Project Sales and Project Execution

Project Sales

Compliance risks in the project sales phase are covered by the Limits of Authority (LoA)¹ process

Project Execution

Compliance risks in project execution

Subcontractors

Inappropriate payments to subcontractors

Scrap/excess/surplus Material

Scrap/excess/surplus material is misused for inappropriate purposes

Customer decisions

(e.g. change orders, acceptance, licenses permits) Inappropriate payments

Identification and mitigation of Compliance risks

In projects that indicate possible compliance risks, the Project Manager

- has to regularly identify and mitigate such risks in the project execution according to a specified “Red Flag systematic” and
- actively involves the respective Compliance Officer in the preparation of the acceptance of the project

¹ The LoA process is the internal approval procedure for external projects of Siemens Energy

... 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 privacy is observed

Channels for reporting misconduct

At Siemens Energy, we provide different reporting channels to internal and external whistle-blowers to inform us about possible compliance violations. The “Speak Up” compliance reporting system provides a secure channel for reporting this information 24 hours a day: online or by telephone, anonymously if desired, and in several languages.

The Siemens Energy Ombudsperson

In addition to "**Speak Up**", Siemens Energy offers another channel for reporting compliance violations: the ombudsperson. The attorney Dr. Sibylle von Coelln from the law firm "HEUKING · VON COELLN Rechtsanwälte", has been appointed the company's external ombudsperson.

Employees and third parties can confidentially and anonymously confide in this impartial professional should they observe improper business practices in the company.

Link: [Siemens Energy Reporting Channels](#)



How Does “100% Energy, 100% Compliance” Apply to Your Decisions?



I am 100% sure that...

My decisions are in the best interests of Siemens Energy and aligned with our values

My decisions are lawful

I take full responsibility for my decisions

I am comfortable with my decisions or their consequences appearing on the front page of a newspaper