

**SIEMENS**



HCMC Vietnam, 24<sup>th</sup> Apr. 2014

# The Siemens Compliance System

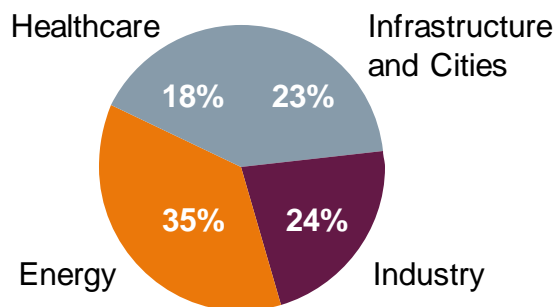
Only clean business is Siemens business

The Siemens Compliance System

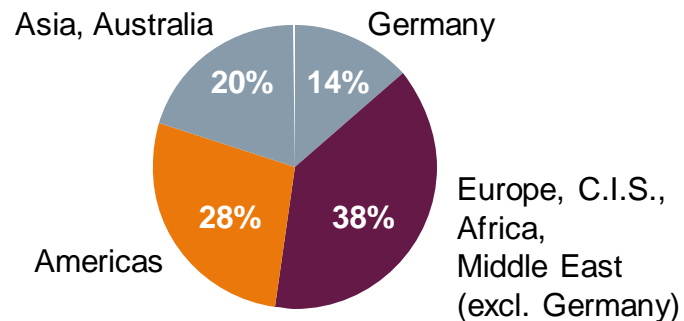
# The Company

# Key figures

## Revenue by Sector

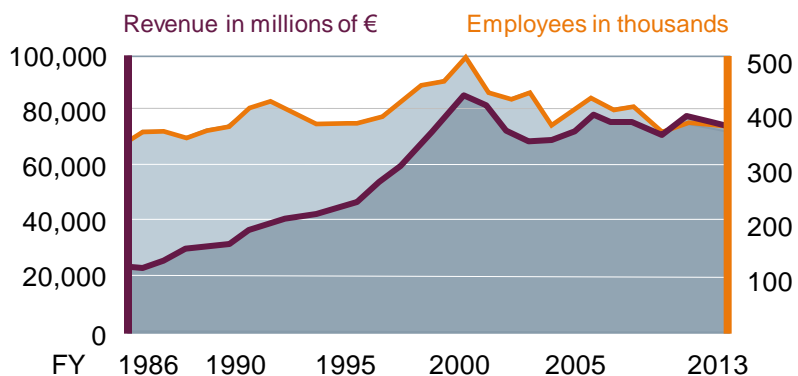


## Revenue by Region



Based on customer location

## Revenue and employees



## Continuing operations – comparison with previous year

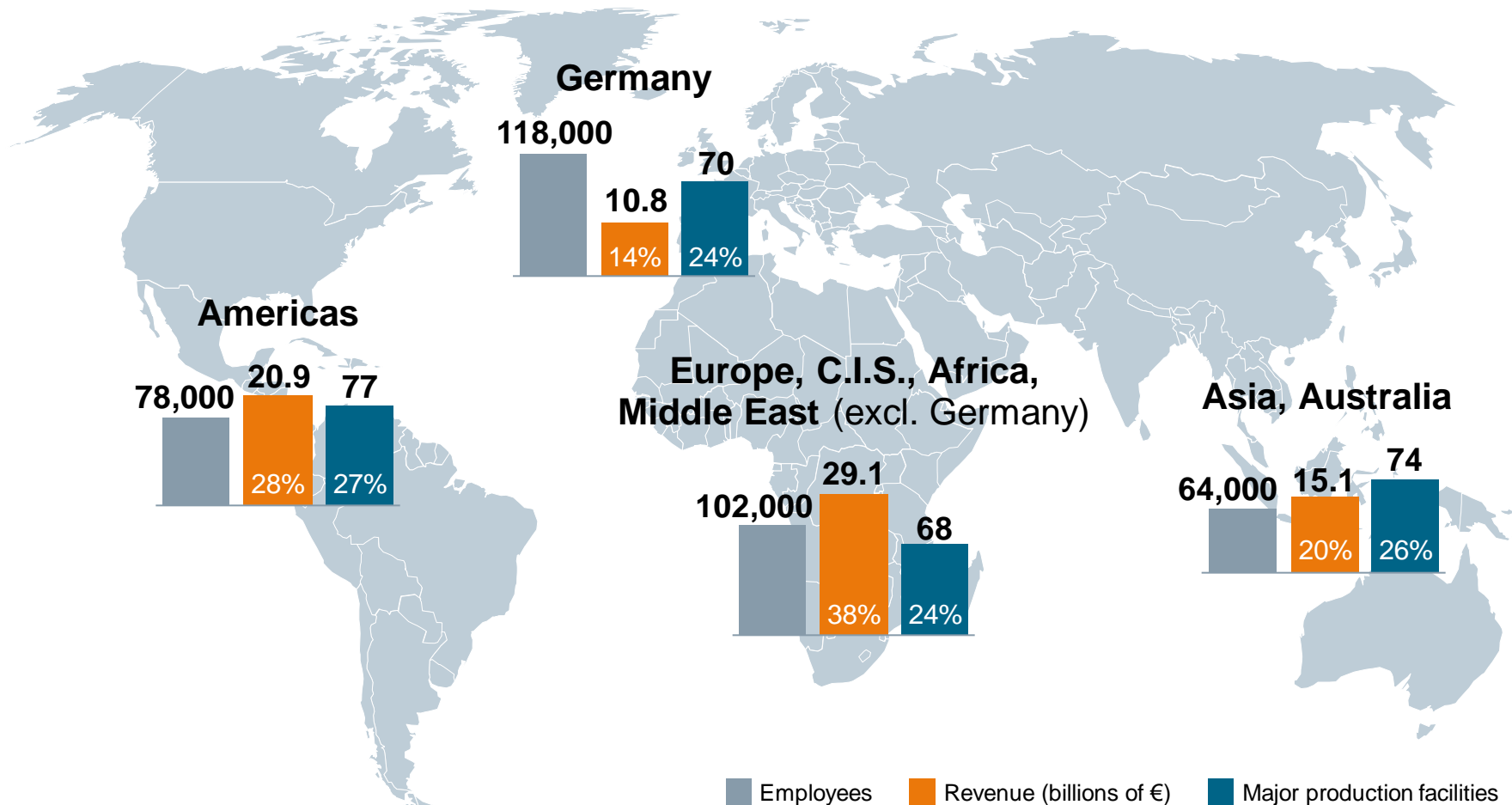
In millions of €	FY 2012	FY 2013
New orders	75,939	82,351
Revenue	77,395	75,882
Income	4,642	4,212
Free cash flow	4,727	5,257
Employees	366,000	362,000

As reported in annual reports

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# A strong local partner for customers

## In more than 200 countries



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

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## The Siemens Compliance System

# The Past

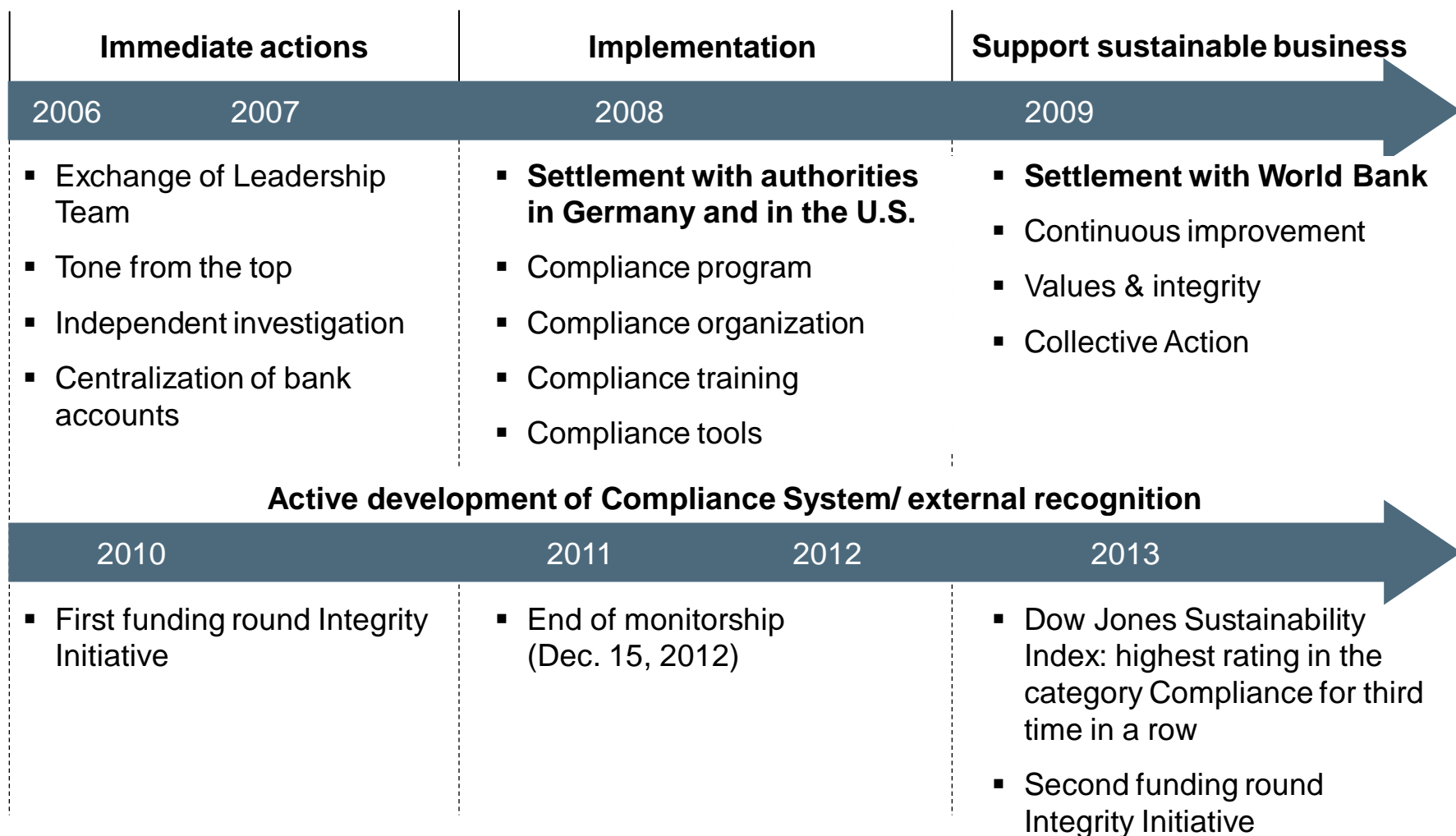
## The disaster struck – November 2006 headlines



### 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.



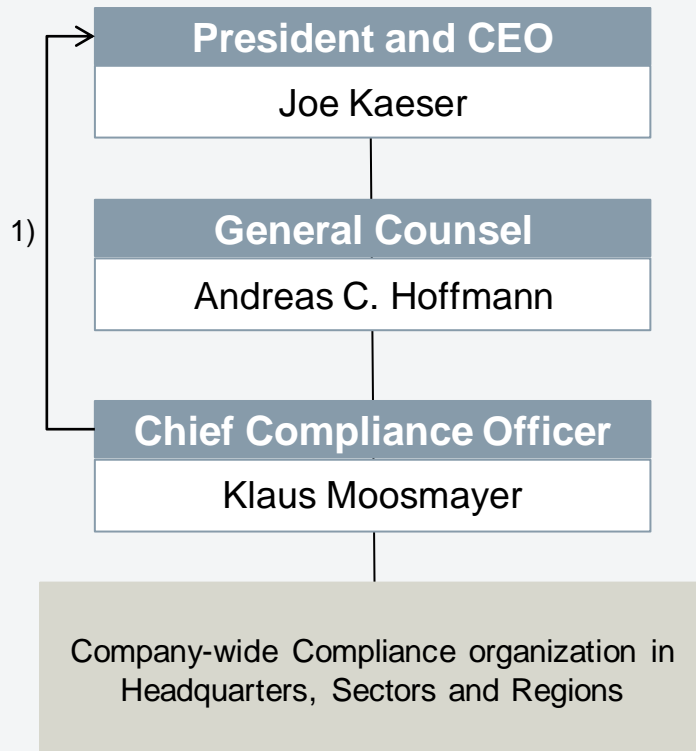
Effective preventive measures such as **risk management**, policies & procedures, training & communication enable systematic misconduct to be avoided

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

Effective Compliance work requires complete clarification: whistle-blowing channels “Tell us” and ombudsman, as well as professional and fair **investigations**

# The Siemens Compliance Organization – clear roles & responsibilities

## Direct connection to the CEO



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

## Roles of Compliance Officers

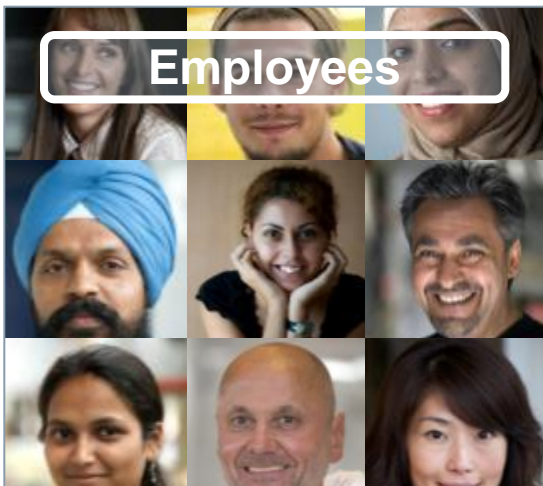


## Tasks

- 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 in global business – tasks and challenges

## Employees



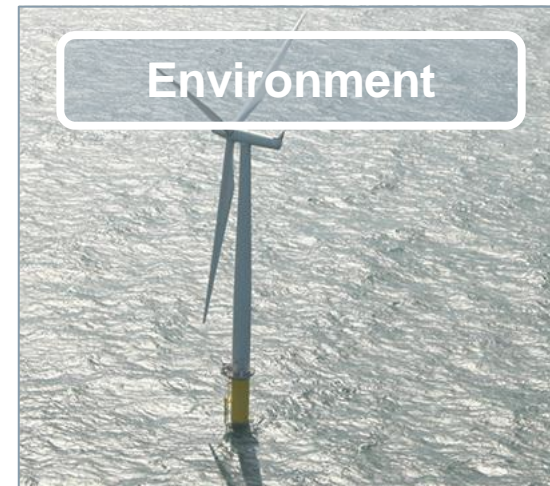
- Dissemination of knowledge about regulations and processes
  - Attitude and values lived out in practice
  - Role and role-model function of executives are decisive factors
- ▶ **Integrity dialog**

## 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**

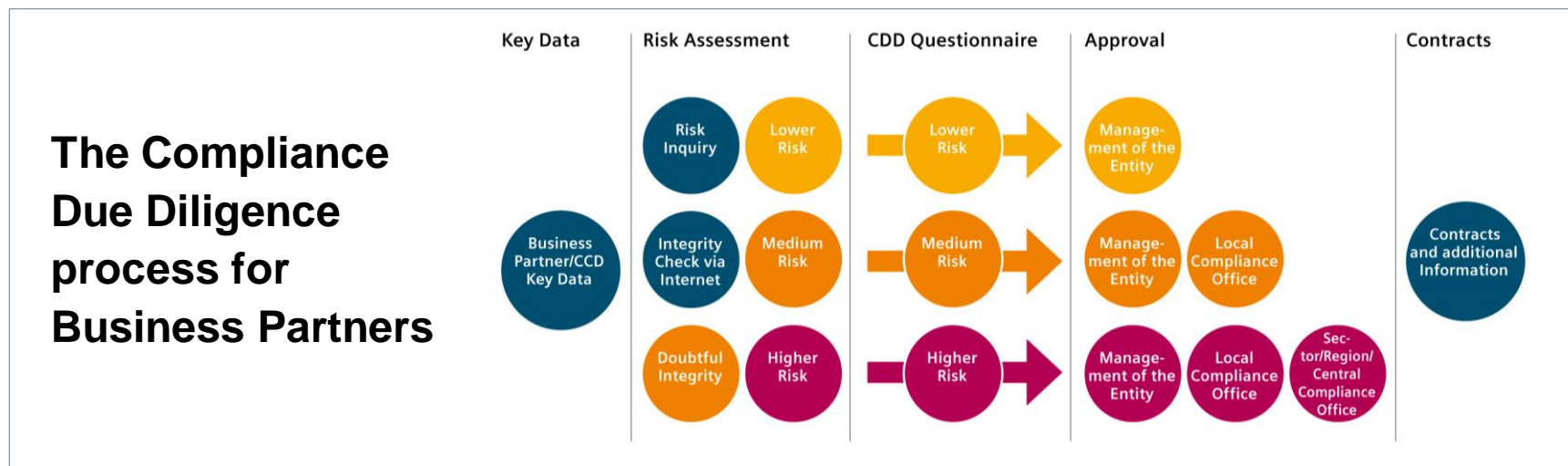
# Our employees – in dialog on Compliance with their line manager

## 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

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...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

# THANK YOU FOR YOUR ATTENTION



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