HCMC Vietnam, 24th Apr. 2014

The Siemens Compliance System
Only clean business is Siemens business
The Siemens Compliance System

The Company
Key figures

Revenue by Sector

- Healthcare: 18%
- Infrastructure and Cities: 23%
- Energy: 35%
- Industry: 24%

Revenue by Region

- Asia, Australia: 20%
- Germany: 14%
- Americas: 28%
- Europe, C.I.S., Africa, Middle East (excl. Germany): 38%

Revenue and employees

- Revenue in millions of €
- Employees in thousands

Continuing operations – comparison with previous year

<table>
<thead>
<tr>
<th></th>
<th>FY 2012</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>New orders</td>
<td>75,939</td>
<td>82,351</td>
</tr>
<tr>
<td>Revenue</td>
<td>77,395</td>
<td>75,882</td>
</tr>
<tr>
<td>Income</td>
<td>4,642</td>
<td>4,212</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>4,727</td>
<td>5,257</td>
</tr>
<tr>
<td>Employees</td>
<td>366,000</td>
<td>362,000</td>
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</tbody>
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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
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

<table>
<thead>
<tr>
<th>Immediate actions</th>
<th>Implementation</th>
<th>Support sustainable business</th>
</tr>
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<tbody>
<tr>
<td>2006</td>
<td>2008</td>
<td>2009</td>
</tr>
<tr>
<td>Exchange of Leadership Team</td>
<td>Settlement with authorities in Germany and in the U.S.</td>
<td>Settlement with World Bank</td>
</tr>
<tr>
<td>Tone from the top</td>
<td>Compliance program</td>
<td>Continuous improvement</td>
</tr>
<tr>
<td>Independent investigation</td>
<td>Compliance organization</td>
<td>Values &amp; integrity</td>
</tr>
<tr>
<td>Centralization of bank accounts</td>
<td>Compliance training</td>
<td>Collective Action</td>
</tr>
<tr>
<td></td>
<td>Compliance tools</td>
<td></td>
</tr>
</tbody>
</table>

### Active development of Compliance System/ external recognition

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>First funding round Integrity Initiative</td>
<td>End of monitorship (Dec. 15, 2012)</td>
<td>Dow Jones Sustainability Index: highest rating in the category Compliance for third time in a row</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Second funding round Integrity Initiative</td>
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</tbody>
</table>
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

- President and CEO
  - Joe Kaeser
- General Counsel
  - Andreas C. Hoffmann
- Chief Compliance Officer
  - Klaus Moosmayer

Company-wide Compliance organization in Headquarters, Sectors and Regions

Roles of Compliance Officers

- Facilitator
- Guardian
- Expert

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

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

- 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…

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...

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
THANK YOU FOR YOUR ATTENTION

Nguyen Thi Thu Hoa
Regional Compliance Officer
Siemens Limited
The Landmark Building,
5B Ton Duc Thang Street,
District 1, Ho Chi Minh City
Phone: +84 8 38251900 ext.500
Fax: +84 8 38251580
Mobile: +84 90 8676550
E-Mail: nguyen-thi-thu.hoa@siemens.com