

Corporate Responsibility and the Siemens Supply Chain*

Supplier Code of Conduct

Siemens wants to be perceived as an integral part of the national society and economy in all countries. Due to the huge diversity of conditions at the 177 countries in which we purchased goods and services in the last Fiscal Year (Oct 1st - Sept 30), this maxim of Siemens' business policy was considered in the principles of the "Code of Conduct for Siemens Suppliers". It is based on – among others – the UN Global Compact and the principles of the International Labor Organization but also reflects the Siemens "Business Conduct Guidelines", which establishes fundamental principles of sustainability and apply to the entire company.

Siemens operates not only in accordance with clear Business Conduct Guidelines, which are mandatory worldwide, but also with directives to concentrate business with only the best suppliers who agree to and comply with our standards in the supply chain. In the long term we cooperate only with suppliers who place as much value on Sustainability as we do and who adhere to the principles of Global Compact with respect to human rights and work relationships.

In order to continuously monitor and improve the performance of our suppliers we utilize a consistent Supplier Management System. At the foundation of this system is our process by which we obtain supplier contractual commitment to responsibilities towards their stakeholders and the environment through the Siemens Supplier Code of Conduct. The code addresses the following concepts:

- Compliance with laws.
- Prohibition of Corruption and Bribery
- Respect for Basic Human Rights of Employees (which includes to refuse to employ or make anyone work against his or her will)
- Prohibition of Child Labor
- Health and Safety of Employees
- Environmental Protection
- Promotion of the above principles in the supply chain of the supplier

The full Supplier Code of Conduct document and detailed description of the key provisions can be found under the following link: <https://w9.siemens.com/cms/supply-chain-management/en/sustainability/expectations/principles/Pages/code-of-conduct.aspx>)

Once a supplier becomes part of the Siemens supply chain, it then becomes subject to the compliance verification activities established as part of the Supplier Management System. The system uses a combination of four approaches to accomplish the compliance verification process. These approaches are: Sustainability Self Assessments, Risk Evaluations performed by the responsible Siemens Buyer, Sustainability Audits performed by third parties and Siemens Quality audits. These audits include determining if the supplier adheres to the Code of Conduct. Further information on our systematic approach can be found at www.siemens.com/sr/detection-modules

Siemens Management System considers the assessment and audit findings and then employs supplier development actions which establish improvement measures to be taken by suppliers to mitigate or correct issues raised in audit findings. If a supplier fails to execute the agreed upon measures, Siemens may terminate any existing business with the supplier. This termination right is established in Siemens supplier contracts and purchase terms and conditions.

The number of 3rd party audits and number of findings are published in the Siemens Sustainability Report, and can be accessed through the following links: (www.siemens.com/scm/sustainability); or specific suppliers chapter under : http://www.siemens.com/sustainability/pool/en/current-reporting/sr2010_suppliers.pdf).

Energy Efficiency Program for Suppliers

In order to orient our entire supply chain in an ecological manner, we work closely with our suppliers to identify and implement measures for the efficient use of resources and the reduction of greenhouse gas emissions. To this end, we developed our Energy Efficiency Program for Suppliers (EEP4Suppliers) which provides access to know-how and experience from our own Environmental Program and Environmental Portfolio.

In fiscal 2010, we successfully piloted EEP4Suppliers at 17 production facilities operated by major suppliers. Plans call for the first 1,000 suppliers to be integrated in the EEP4Suppliers program by the end of fiscal 2012.

Organization Awareness.

All Procurement professionals within the Siemens Supply Chain organization are trained on the “One Supplier Certification” process and related Code of Conduct requirements so that the principles can be effectively explained to suppliers. Additionally Siemens conducts sustainability workshops with our suppliers in higher-risk-countries. The workshops include presentations by Environment, Health and Safety Officers who lead break-out sessions that address human right topics such as worker safety.

Web Based Trainings in Sustainability are available for suppliers as well as internal Siemens personnel and can be accessed through the following link. <https://w9.siemens.com/cms/supply-chain-management/en/sustainability/expectations/principles/Pages/code-of-conduct.aspx>

* This information explains Siemens activities in support of and commitment to the principles found in the California Transparency in Supply Chains Act of 2010, to eradicate human trafficking and slavery from supply chains.