

**SIEMENS**

Energy efficiency

Next-generation healthcare

Industrial productivity

Intelligent infrastructure solutions

# Additional Sustainability information

to the Siemens Annual Report 2013

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## Introduction

The Siemens Annual Report 2013 combines for the first time our previously separate Annual and Sustainability Reports. This single report provides an integrated overview of our Company's key topics – from our strategic orientation and business developments at our Sectors to fundamental aspects of sustainability – relating, for example, to research and development, customer relations, suppliers, energy-efficient technologies, environmental protection, employees or compliance – and an outlook for the coming fiscal years.

These Additional Sustainability information to the Siemens Annual Report 2013 complement our reporting with further information on the Company's commitment to sustainability and additional information. You'll also find our reporting in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and our progress reports regarding the United Nations Global Compact and the United Nations CEO Water Mandate.

 [WWW.SIEMENS.COM/SUSTAINABILITY](http://WWW.SIEMENS.COM/SUSTAINABILITY)

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## Sustainability at Siemens

### Overview

**Sustainability** is a guiding principle within our Company. Siemens has defined sustainability to mean acting responsibly on behalf of future generations to achieve economic, environmental and social progress. We are aware of the associated high standards and the possibility of conflicting goals. Nevertheless, the aim to create sustainable added value remains a key element of our corporate strategy. We are convinced that sustainability, in this sense, is also a business opportunity, and one that is worth seizing. One Siemens, our framework for sustainable value creation and capital-efficient growth, addresses this business opportunity with its three strategic directions: Focus on innovation-driven growth markets, Get closer to our customers and Use the power of Siemens. The relationship of each element to sustainability is explained below.

- > The products and solutions in our Environmental Portfolio and the innovation power of Siemens play a central role in contributing to environmental and climate protection while also strengthening our standing in the innovation-driven growth markets that we focus on.
- > An intense customer focus and a competitive, globally balanced and localized network of suppliers supports us in getting closer to our customers all over the world.

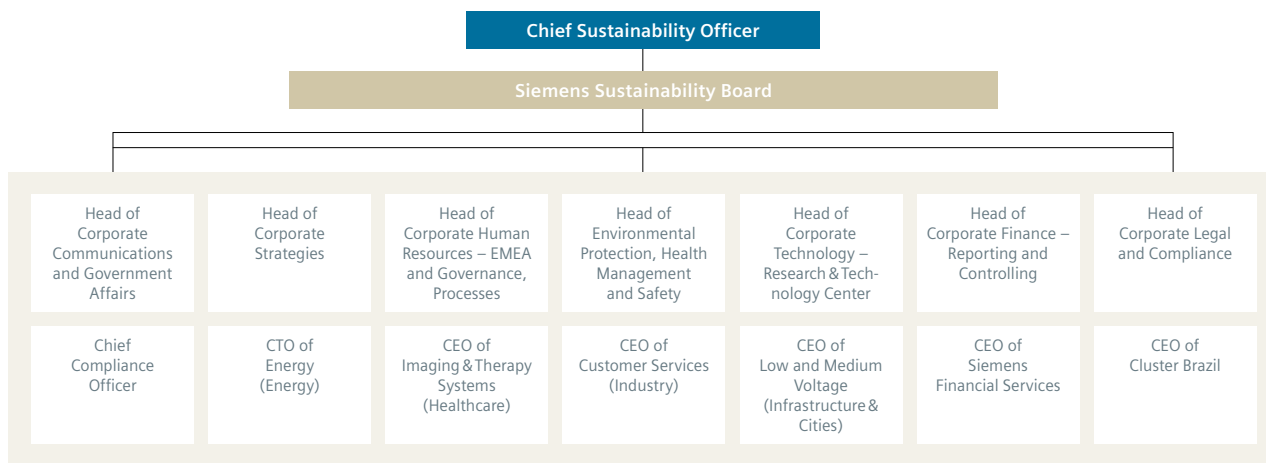
- > Excellent employees are one of Siemens' vital strengths as they play a key role in our success and are the true power of Siemens. Leveraging the power of Siemens also means strictly adhering to clear principles of integrity – something we also expect of our partners and suppliers.

As these examples show, sustainability is not embellishment at Siemens – it's a central theme of our corporate strategy. The following chapters detail this approach and provide further information on sustainability at Siemens.

### Sustainability management and organization

The importance we attach to the topic of sustainability is evident in its central position within the Company's organization and in our programs and the measures we execute. Efficient sustainability management is a company-wide task that requires a clear organizational structure and a thorough anchoring of sustainability in our corporate culture. All our sustainability activities are steered by the **Chief Sustainability Officer**, who is a member of our Managing Board. In order to coordinate and manage our sustainability activities efficiently, we established the Siemens Sustainability Board, the Sustainability Office and the Siemens Sustainability Advisory Board.

#### Siemens Sustainability Board in fiscal 2013



The **Siemens Sustainability Board**, which is chaired by the Chief Sustainability Officer, is the central steering committee for sustainability at Siemens. In its regular meetings it directs our sustainability program as part of our sustainable strategy and adopts appropriate measures and initiatives. Our Chief Sustainability Officer also manages the **Sustainability Office**, which is responsible for driving sustainability further within Siemens and for coordinating the sustainability program and other company-wide programs and measures.

To help us maintain an objective perspective on our sustainability challenges and performance, we have also created the **Siemens Sustainability Advisory Board**, composed of eight eminent figures in science and industry from a range of disciplines and regions of the world. None are employees of Siemens. The Board meets at least twice a year, and through professional exchanges and practical initiatives has already contributed to the further development of our sustainability program.

Furthermore, assigned Sustainability Managers in the Sectors and regional units ensure that sustainability measures are implemented throughout the Company.

In our **Sustainability Program** we focus on targets and activities in three areas: "Business opportunities," "Walk the talk," and "Stakeholder engagement." In the first area, we turn our approach to sustainability into concrete business opportunities. "Walk the talk" means we are committed to embedding sustainability throughout our organization and operations. In the third area, we focus on collaboration with all relevant stakeholders. We regularly refine the underlying targets and activities based on internal and external input, such as from our dialogue with stakeholders.

### **Collaborating for sustainability and performance**

Our sustainability efforts are based on our Business Conduct Guidelines, which provide the ethical and legal framework within which we conduct our business activities. They contain the basic principles and rules for our conduct internally and externally. Specific issues, such as those relating to the environment, are covered in more detailed regulations and guidelines. The Business Conduct Guidelines are binding for all companies controlled by Siemens.

Furthermore, we believe that close collaboration with stakeholders supports us in addressing complex, interlocking sustainability challenges and topics. Maintaining an intensive dialogue with partners along the supply chain and with external stakeholder groups and organizations is important for us: Siemens is actively engaged with leading global sustainability organizations, such as the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). We also liaise every two years with a broad group of stakeholders on key sustainability issues, and track their most significant concerns in a materiality matrix that helps guide our sustainability program.

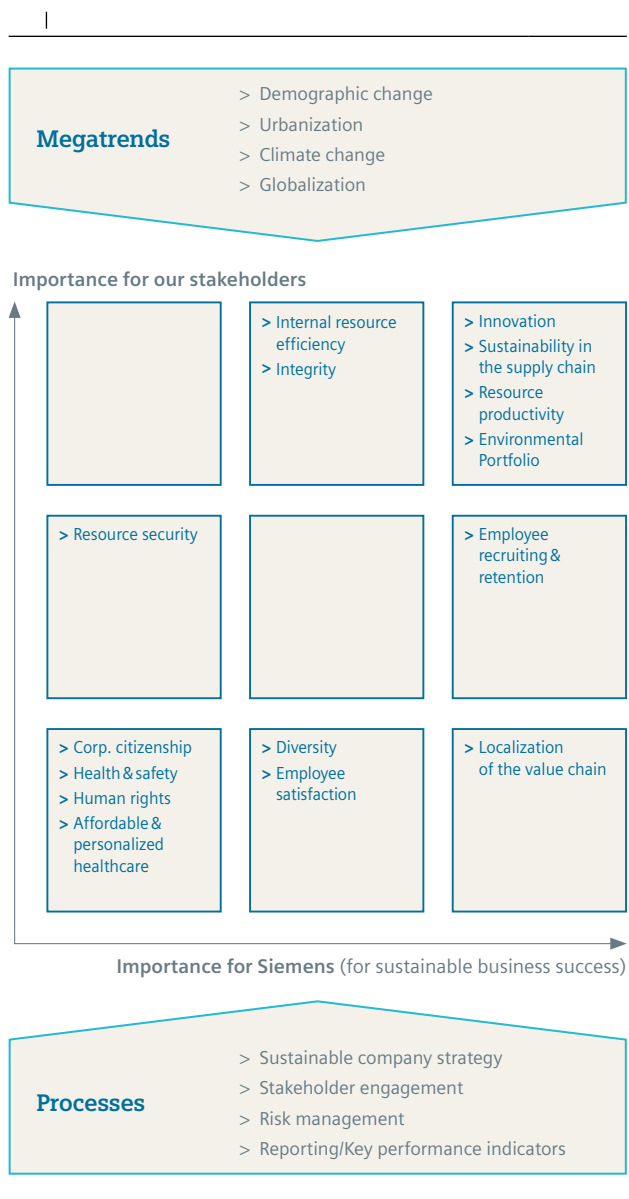
In addition, we are committed to international standards and guidelines for sustainability. For example, we signed on to the United Nations Global Compact in 2003 and became a signatory to the Global Compact's CEO Water Mandate in 2008; since fiscal 2011, we are a member of the steering committee of the Global Compact's "Caring for Climate" initiative. We regularly report on our sustainability performance using the guidelines (G3.0) of the Global Reporting Initiative (GRI), which aim at high transparency and comparability for corporate sustainability reporting.

Siemens has been part of the widely respected **Dow Jones Sustainability Index** for 14 consecutive years. Within the Index, we were ranked as Industry Leader in 2013 for Industrial Conglomerates for the sixth time in a row, and as Industry Group Leader for Capital Goods for the second time. We also earned high ratings on a number of other indexes and rankings, including those created by the prestigious **CDP** (Carbon Disclosure Project). Siemens had one of the top scores in the world for the sixth time in a row.

### **ADDITIONAL INFORMATION – SUSTAINABILITY AT SIEMENS Guided by materiality**

We regularly identify sustainability topics based on their importance for Siemens and our stakeholders, and prioritize them by materiality. The prioritization shows the action areas identified through a stakeholder survey as the key levers for sustainable business success, on which we will also continue to focus in the future. In fiscal 2012, we consulted some 40 ex-

perts from science, industry, politics, non-governmental organizations, and consultancies as part of a process that closely integrates analyses of general developments, to the way we respond to megatrends, and in-depth dialog with our stakeholders. Internal working groups combined the outcomes of this dialog with assessments from the Company's specialist functions, and the results were then discussed with our Sustainability Board and the Siemens Sustainability Advisory Board, a high-level panel of independent experts. The outcome of the **Siemens materiality matrix 2013 – 2014**.



## Reporting method

Sustainability is for us a guiding principle and a key precept of our actions. The Additional Sustainability information to the Siemens Annual Report 2013 complement our reporting in the Annual Report 2013 where we combine for the first time our previously separate Annual and Sustainability Reports. The reporting method provides you with details of the key elements on which our reporting is based.

## Reporting approach

The Additional Sustainability information to the Siemens Annual Report 2013 (hereinafter the Report) describe the strategy, organization, initiatives and goals for ensuring sustainability. They complement our reporting in the Annual Report, continue last year's reporting and also serve as our annual progress report on implementing the United Nations CEO Water Mandate and the Global Compact's ten principles. In addition, our Report is oriented to version 3.0 of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and the recommendations of the Global Compact and Transparency International regarding anticorruption reporting.

## Review period and report boundaries

This Report is based on activities during Siemens' fiscal 2013 (October 1, 2012 – September 30, 2013). Any exceptions are indicated as such. In general, all of our fully consolidated companies are covered by the Report. Here, too, possible exceptions regarding the data are indicated and explained. Minority equity investments are not included in our reporting.

The indicators and information reported in the following relate to the Company's continuing operations, if not otherwise indicated. In order to ensure comparability of the details, those for the previous years were adjusted accordingly. Deviations are indicated.

## Data collection

Given Siemens' size and global spread, gathering data poses a major logistical challenge. Moreover, our companies throughout the world are required to comply with local regulations concerning the compilation and definition of performance figures, which means that the generated data is not always comparable. Where applicable, we point out any significant limitations in the information presented in the Report. As a rule, no company-wide standards exist for the information published in the Report. This applies in particular to specific financial figures, including, for example, the revenue attributable to the Environmental Portfolio. As a result, these figures may not be comparable with the data published under the same or similar designations by other companies. The data published in this



Report are collected through various internal reporting systems which, for the most part, are different from those applicable to the financial information presented in our Consolidated Financial Statements. In particular, the standards and controls applied and the computer systems used during the preparation of the data can be less comprehensive in comparison. We reserve the right to change our internal guidelines regarding the inclusion of data in the Report without prior announcement. Due to rounding, numbers presented throughout this Report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

### Independent assurance review

We prepared our Report to high quality standards. Consequently, as in previous years, we again commissioned an independent accounting firm to conduct an assurance review of the chapter Facts and figures of this Report to provide a limited degree of certainty. You can find the results of the review by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft on → PAGE 34. For such limited assurance reviews, which provide a limited degree of certainty, the evidence gathering procedures are more limited than in a reasonable assurance engagement. The auditors merely confirm that nothing has come to their attention during the review that would cause them to believe that the information contained in the chapter Facts and figures of this Report has not been prepared, in all material respects, with the criteria of the Global Reporting Initiative (GRI).

## Research and development

### Research and development – organization and strategy

In fiscal 2013, we continued to focus on the following areas in research and development (R&D):

- (1) ensuring long-term future viability,
- (2) enhancing technological competitiveness, and
- (3) optimizing the allocation of R&D resources.

Our R&D activities are geared toward ensuring economically sustainable energy supplies and developing software solutions, which are essential to maintaining the long-term competitiveness of our Sectors. Accordingly, major focus areas include:

- > increasing the efficiency of renewable and conventional energy sources for power generation,
- > improving low-loss electricity transmission systems,
- > developing new solutions for smart grids, carbon dioxide separation systems for power plants, and technologies for storing energy from fluctuating renewable sources,

- > making medical imaging, in-vitro diagnostics, and healthcare IT an integral part of outcome oriented treatment plans, and
- > further development of industrial software to accelerate processes at every point along the value chain.

Another major focus is promoting more efficient energy use in buildings, industrial facilities, and the transport sector. Examples include the development of electric drives and mass transportation systems such as local and long-distance trains and subways.

Across all focus areas, we recognize the vital importance of sophisticated software solutions. This is true not just for the areas mentioned above but also in nearly all of the other fields in which Siemens is active. Siemens software was used, for example, to virtually develop, build, test, and continually optimize the Mars rover Curiosity, before it was built. Curiosity landed on Mars in August 2012.

R&D activities are carried out by both our Sectors and our Corporate Technology (CT) department. The Sectors focus their R&D efforts on the next generations of their products and solutions. In contrast, the aim of CT is to work with our operating units to develop the Group's technology and innovation strategies, especially for the next generation of their products and solutions. In addition, CT helps secure our technological and innovational future.

CT is a worldwide network with primary locations in Germany, the U.S., China, Russia, India, and Austria. The more than 6,900 CT employees contribute their in-depth understanding of fundamental technologies, models, and trends, as well as their wealth of software and process expertise. CT strives to secure the technological and innovative future through commonly developed core technology initiatives such as future of automation, data to business or system integration. With its global network of experts, our corporate research unit serves as a strategic partner for Siemens' operating units. CT makes important contributions along the entire value chain, from research and development to production technology, manufacturing processes, and the testing of products and solutions. CT is also networked with leading universities and research institutes worldwide. The principal objectives of these close collaborations with strong external partners are:

- > leveraging the potential of joint R&D projects,
- > establishing and further developing a network of universities and research institutes that Siemens closely cooperates with, as well as systematically enhancing communication with these institutions, and

> strengthening Siemens' attractiveness as an employer of choice for highly qualified young talents in scientific and technical disciplines.

Such new collaborative approaches are also a substantial part of our Open Innovation (OI) concept, in which we receive input from internal as well as external experts that significantly contributes to the innovative power of the Company. With OI we aim to overcome the barriers of silo thinking, to prove and truly leverage the potential of an open network enterprise. Since 2008, when the first OI project was launched, 35,000 employees from more than 80 countries have participated in nine internal OI pilot projects and our external efforts have mobilized more than 1,750 external solvers on 17 projects.

The technology fields addressed by OI cover all technological areas of Siemens. They include:

- > research on materials that help make our products more efficient;
- > the creation of IT platforms, IT security solutions, software architecture, technical systems, energy technologies, sensors, and electronic components; and
- > research into new solutions for system engineering, data analysis, automation and communication technologies, medical information systems, and imaging processes.

In addition, Siemens takes part in publicly funded research programs. The most important research areas include the development of sustainable technologies including recycling, the communication of machines, the creation of new materials and bio-technology.

CT offers extensive process and production consulting services for development and manufacturing units at Siemens. CT employs more than 4,400 software developers at locations in Asia, Europe, and the Americas. These specialists help our Business Units develop concepts from the initial idea to the finished product.

CT strategically handles the intellectual property of Siemens. Around 430 experts help the Company register patents and trademarks, establish them, and put them to profitable use.

## Research and development figures

In fiscal 2013, we reported research and development expenses of €4.291 billion, compared to €4.245 billion in fiscal 2012 and €3.903 billion in fiscal 2011. The resulting R&D intensity, defined as the ratio of R&D expenses and revenue, was 5.7%, above the R&D intensity in fiscal 2012 and fiscal 2011.

### R&D intensity

		Research and development expenses (in billions of €)	Research and development intensity <sup>1</sup>
FY 2013	4.291		5.7%
FY 2012	4.245		5.5%
FY 2011	3.903		5.4%

<sup>1</sup> R&D intensity is defined as the ratio of R&D expenses and revenue.

R&D expenses and intensity for the Sectors in fiscal 2013, 2012 and 2011 were as follows:

### R&D expenses

(in millions of €)	FY 2013	FY 2012	FY 2011
Energy	872	868	782
Healthcare	1,230	1,314	1,173
Industry	1,265	1,192	1,103
Infrastructure & Cities	731	699	696

### R&D intensity

	FY 2013	FY 2012	FY 2011
Energy	3.3%	3.1%	3.1%
Healthcare	9.0%	9.6%	9.4%
Industry	6.8%	6.1%	5.9%
Infrastructure & Cities	4.1%	4.0%	4.1%

CT incurred additional R&D expenses.

### R&D indicators<sup>1</sup>

(in thousands)	FY 2013	FY 2012	FY 2011
Employees <sup>2</sup>	29.8	29.5	27.7
Inventions <sup>3</sup>	8.4	8.8	8.3
Patent first filings <sup>4</sup>	4.0	4.6	4.3

- <sup>1</sup> Continuing operations.
- <sup>2</sup> Average number of employees in fiscal year.
- <sup>3</sup> Number of inventions reported by the Business Units in an internal report.
- <sup>4</sup> First filings as part of inventions submitted to patent offices.

In our continuing operations, we had an average of approximately 13,300 R&D employees in Germany and approximately 16,500 employees in approximately 30 other countries during fiscal 2013, including, among others, the U.S., China, Austria, and India.

As of September 30, 2013, Siemens held approximately 60,000 granted **patents** worldwide in its continuing operations. As of September 30, 2012, it held approximately 57,000 granted patents. In terms of the number of published patent applications in calendar year 2012, Siemens ranked third in Germany and second in Europe. Siemens was also ranked eleventh in the statistics for patents issued in the U.S. in calendar year 2012.

| **Rank in patent office statistics**

	2012	2011	2010
Germany – German Patent and Trade Mark Office (DPMA)	3	3	3
Europe – European Patent Office (EPO)	2	1	1
U.S. – United States Patent and Trademark Office (US PTO)	11	10	9

**Research and development in the Sectors**

Our R&D activities in the **Energy** Sector are focused on developing methods for the efficient generation and transmission of electrical energy, including

- > technologies for low-loss electricity transmission,
- > advanced gas turbines that increase the efficiency and reduce emissions of power plants,
- > combined cycle power plants, to increase the availability of electricity through higher flexibility,
- > wind turbine innovations,
- > technologies that extract the greenhouse gas carbon dioxide from the flue gas that occurs during fossil fuel-fired power generation (carbon capture and storage), and
- > a subsea power grid to make deep-sea oil and gas extraction more profitable.

Examples of research and development in Energy include Type B75 rotor blades for wind turbines, which are 75 meters in length; this makes them, to our knowledge, the longest rotor blades in operation in the world as of the date of this report. At 25 tons, the B75 is also a “lightweight,” as it is 10% to 20% lighter than comparable rotor blades. Heavy rotor blades are subjected to higher stress loads and also require more massive nacelles, towers, and foundations. The combination of intelligent design and low weight therefore has a positive effect on the cost of wind power production.

In 2011, a combined-cycle power-generation island built by Siemens in Irsching, Germany, demonstrated an unprecedented net efficiency rating of 60.75% at an output of 578 megawatts. In April 2013, three additional power plant blocks featuring H-Class gas turbines commenced commercial operation in Cape Canaveral, Florida. Another combined-cycle power plant with this turbine as the main driver has been commissioned in

August 2013 in Dangjin, South Korea. It also reaches an efficiency level of approximately 61%.

In fiscal 2013, Siemens installed the HelWin1 offshore platforms in the North Sea. With a capacity of 576 megawatts (MW), these platforms will supply clean wind-generated electricity to more than 500,000 German households on the mainland. HelWin1 will link the two offshore wind farms, known as Nordsee Ost and Meerwind, to the mainland. The alternating current power generated by the wind turbines is transformed into low-loss high-voltage direct current (HVDC) for transmission onto land. The total transmission losses for this connection are less than 4%. Siemens’ HVDC Plus technology not only reduces the space requirements for HVDC systems, which is a decisive factor for installation at sea, but also features self-stabilization. This enhances grid reliability in the event of power fluctuations, which can occur with wind-based power generation.

The R&D activities in the **Healthcare** Sector are focused on meeting customer requirements, which are the result of two major trends: the world’s population continues to grow steadily and to get older. These trends increase the pressure on healthcare providers to treat more and more people at increasingly lower costs in order to stabilize rising healthcare expenditures. To overcome the challenges of making healthcare more efficient and more effective, the healthcare measures have to focus on the individual patient and the success of the treatment.

One of the Sector’s R&D fields involves the development of systems that help physicians make precise diagnoses of large numbers of patients and are also robust, easy to use, and inexpensive to purchase and maintain. One example is the world’s first wireless ultrasound device, Acuson Freestyle. The system makes it easier to use advanced ultrasound technology in areas that need to be aseptic, or sterile. Examples include interventional radiology, anesthesiology, intensive care, catheter labs, and emergency care. Ultrasound with wireless transducers is also ideally suited for minimally-invasive procedures such as nerve blockades, access to blood vessels, and positioning for therapeutic interventions and biopsies.

Along with its full-size computed tomography scanner SOMATOM Perspective 128, Healthcare offers a version designed especially for outpatient clinic and small and medium-sized hospitals named SOMATOM Perspective 64. It reduces radiation doses for patients by up to 60 percent, with improved image quality. The system needs only 18 square meters, it can be installed in less than two days, and it comes with low energy consumption and air-conditioning requirements. Both versions are among the most economical scanners in their respective classes.

Another focus area is automating clinical work processes and optimizing laboratory diagnostics, with a goal of enabling physicians to identify diseases more precisely and at an earlier stage. Physicians are then able to monitor the effect of medications more accurately and benefit from the evaluation and analytical capabilities of modern computer technology. As a result, therapies can be tailored more closely to a patient's needs. The Sector also develops products that meet the specific, targeted requirements of the healthcare systems of emerging countries.

One of the R&D priorities in the **Industry** Sector is the software-based integration of product planning and production processes within the framework of product lifecycle management. The objective is to accelerate processes at every point along the value chain. A good example is the technology for industrial production of implants. With the help of intelligent software solutions, prosthetics can be produced more efficiently and cost-effectively. Innovative technologies like these can cut the time from design to market in the manufacturing industry by up to 50%. The further development of automation and drive technology, and industrial software in particular, plays a major role here. This applies to the product development and production process as well as to the integration of the drive system. It also applies to metal manufacturing, where the software-assisted planning and operation of entire steel mills are increasingly influencing production. Moreover, the Industry Sector is striving to achieve greater energy efficiency, reduce raw material consumption, and lower emissions. These objectives also guide the development of technology-based service concepts such as energy management and remote maintenance systems, as well as the creation of efficient, resource-conserving solutions for steel production.

R&D activities in our **Infrastructure & Cities** Sector focus on urban growth issues. Main research fields therefore cover sustainable technologies for major metropolitan areas and their infrastructures. The main aims are to increase energy efficiency, reduce burdens on the environment, increase cost-effectiveness, and improve the quality of life in cities. To this end, the Sector develops building technologies that conserve energy, solutions for ensuring an efficient and secure supply of electricity in cities, and intelligent traffic and transport systems. Examples include the extremely lightweight and almost fully recyclable Inspiro modular subway train and the innovative and especially lightweight SF7000 bogie. In the field of building automation, the Desigo facility automation system integrates many of its system components into buildings themselves and thus achieves significant energy savings. In addition, researchers are looking for ways to integrate buildings

into smart grids. Through such integration, the buildings can feed the electricity they produce into the grids and provide additional power during times of peak demand.

In fiscal 2013, Siemens launched a large "smart city" project in Vienna, Austria in conjunction with partners. A living laboratory will be created in the next five years in the waterside district of Aspern, which is expected to constitute one of the largest urban development projects in Europe. In this laboratory, power supply, building systems, intelligent power grids, and information and communication technologies will interact in an optimized way.

## Supply chain management

The principal goal of supply chain management at Siemens is to ensure the availability and quality of the materials we require to serve our customers also considering innovation strength and sustainability of our suppliers. We aim to strengthen our competitiveness by achieving substantial savings in our purchasing volume. In fiscal 2013, Siemens' purchasing volume amounted to approximately €38 billion, which equaled roughly half of our total revenue. Our primary strategies for achieving savings in purchasing are the following:

- > **Siemens-wide managed volume:** We bundle more than half of our purchasing volume which includes direct and indirect material. Through this worldwide pooling of volume, we achieve substantial economies of scale.
- > **Sourcing from emerging markets:** We try to move towards a globally balanced supply chain network. One essential element is to constantly increase the share of sourcing from Global Value Sourcing (GVS) countries, which are generally emerging economies. To accomplish this goal, we identify, select and fully qualify suppliers from GVS countries, and engage them in a continuous development process that extends to sustainability thereafter. Additionally, we encourage and support our suppliers to expand their operations in order to follow our manufacturing footprint in these countries. In fiscal 2013, we further increased the proportion of our sourcing coming from GVS countries on a comparable basis.
- > **E-sourcing:** We significantly increased the proportion of external purchases that we award via electronic bidding over the last few years to more than 10%.

We expect to realize further savings potential within the framework of Siemens 2014 by further integrating supply chain management activities into other business activities,

such as design and production. The relevant lever in this context is material cost productivity and in particular Design-to-Cost, which optimizes the design of products in order to reduce material cost. We are strengthening Siemens' innovation power by benefiting from the innovating strength in our supplier network. With our Siemens Supplier Forum, we established a platform for regular dialogue with our top strategic suppliers at the CEO level. With this dialogue, we aim to ensure long-term cost leadership, realize shared growth potential and increase innovation capabilities. To promote outstanding suppliers for their excellence, we introduced Siemens Supplier Awards for a number of categories.

Sustainability is a guiding principle for our supply chain management. Sustainability requirements are therefore an integral part of all relevant supplier management processes – such as supplier selection, supplier qualification and evaluation, and supplier development. We require all of our suppliers to comply with the principles of our Code of Conduct for Siemens Suppliers, which include respect for the basic rights of employees and environmental protection. We also require them to support its implementation in their own supply chains. We have established a risk-based system of appropriate processes to enable us to systematically identify potential risks in our supply chain. It consists of sustainability self-assessments by suppliers, risk evaluation conducted by our purchasing department, sustainability questions within supplier quality audits and sustainability audits by external auditors. To further encourage sustainable business conduct throughout our entire global supply chain, we are committed to building our suppliers' competence and intensifying knowledge transfers related to sustainability.

In 2012, the SEC adopted a regulatory rule, known as the "Conflict minerals rule." This rule aims to increase transparency and responsibility in the procurement of "conflict minerals" from the conflict zones of the Democratic Republic of Congo and the surrounding region. A project organization was established to address the requirements within our supply chain in fiscal 2013. For further information, see [SIEMENS ANNUAL REPORT 2013](#) → C.9.3 RISKS.

### ADDITIONAL INFORMATION – SUPPLY CHAIN MANAGEMENT Requirements for suppliers

We expect all our suppliers to make a clear commitment to the principles of sustainability. Our requirements – such as respect for the basic rights of employees and environmental protection – are defined in the Code of Conduct for Siemens Suppliers. Under the relevant clauses in our procurement contracts and our Conditions of Purchase, all Siemens suppliers

must undertake to meet these requirements and also promote compliance with them in their own supply chain. The Code of Conduct for Siemens Suppliers is based on the ten principles of the UN Global Compact and reflects the content of our Siemens Business Conduct Guidelines.

### Identifying risks and implementing measures for improvement

We procure from some 90,000 suppliers in over 150 countries and constantly increase the share of sourcing from Global Value Sourcing (GVS) countries, which are generally emerging economies.

Because this supplier network is very large and widely spread, it is not possible for us to inspect all suppliers to the same extent by auditing them on site. We have therefore established a risk-based system of appropriate processes to enable us to systematically identify potential risks in our supply chain. It consists of sustainability self-assessments by suppliers, risk evaluation conducted by our purchasing department, sustainability questions within supplier quality audits, and sustainability audits by external auditors.

#### | Sustainability self-assessments<sup>1</sup>

Number	Year ended September 30,		
	2013	2012	2011
Europe, C.I.S., <sup>2</sup> Africa, Middle East	587	1,218	752
Americas	817	1,796	568
Asia, Australia	1,712	3,128	1,557
<b>Total</b>	<b>3,116</b>	<b>6,142</b>	<b>2,877</b>

Results	Year ended September 30,		
	2013	2012	2011
Category "green" (no deviations)	2,192	3,580	1,692
Category "yellow" (minor deviations) <sup>3</sup>	486	1,342	605
Category "red" (suspicion of serious deviations) <sup>3</sup>	438	1,220	580
<b>Total</b>	<b>3,116</b>	<b>6,142</b>	<b>2,877</b>

- 1 To be conducted mainly by suppliers from non-OECD states with a purchasing volume > €50,000 p.a. Questionnaires initiated and completed in the year under review.
- 2 Commonwealth of Independent States.
- 3 Clarification of the situation by the designated buyer, agreement on corrective measures within a defined period of time, or conduct of an external sustainability audit.

Within the last years, we rolled-out our supplier qualification process and continually increased the number of self-assessments, covering mainly our existing suppliers. In the year under review, we focused on new suppliers, resulting in a decline in the number of conducted self-assessments compared to previous years.

### Supplier quality audits with integrated sustainability questions

Number	Year ended September 30,		
	2013	2012	2011
Europe, C.I.S., <sup>1</sup> Africa, Middle East	264	50	96
Americas	94	2	10
Asia, Australia	303	101	188
<b>Total</b>	<b>661</b>	<b>153</b>	<b>294</b>

<sup>1</sup> Commonwealth of Independent States.

The increase is due to a modification of the supplier quality audit procedure during the year under review. We now assess sustainability in all supplier quality audits as part of the modified procedure.

### External sustainability audits

Number	Year ended September 30,		
	2013	2012	2011
Europe, C.I.S., <sup>1</sup> Africa, Middle East	49	37	24
Americas	36	51	29
Asia, Australia	236	269	231
<b>Total</b>	<b>321</b>	<b>357</b>	<b>284</b>

Agreed improvement measures <sup>2</sup>	Year ended September 30,		
	2013	2012	2011
Legal compliance/prohibition of corruption and bribery	1,306	1,303	443
Respect for the basic human rights of employees	1,976	2,129	1,466
Prohibition of child labor	153	93	105
Health and safety of employees	1,596	2,600	2,277
Environmental protection	612	598	377
Supply chain	272	353	295
<b>Total</b>	<b>5,915</b>	<b>7,076</b>	<b>4,963</b>

<sup>1</sup> Commonwealth of Independent States.

<sup>2</sup> Improvement measures agreed with suppliers relate either to actual deviations from the Code of Conduct for Siemens Suppliers or to structural improvements to management systems and the lack of specific processes and guidelines at the supplier.

### Follow-up audits to external sustainability audits

Number	Year ended September 30,		
	2013	2012	2011 <sup>1</sup>
Europe, C.I.S., <sup>2</sup> Africa, Middle East	5	6	–
Americas	10	8	–
Asia, Australia	147	168	–
<b>Total</b>	<b>162</b>	<b>182</b>	<b>–</b>

<sup>1</sup> Planning and pilot phase.

<sup>2</sup> Commonwealth of Independent States.

If deviations from our requirements are identified, they must be remedied by the suppliers in question within a reasonable period of time. In the event of serious deviations or unwillingness to implement measures for improvement, we exclude suppliers from any business with Siemens. In all we do, we are guided by the principles of developing our suppliers in close partnership and building up their competencies for the long term. Furthermore we conduct follow-up audits, which entail revisiting the sites to establish whether the agreed measures have actually been implemented.

Deviations identified in the audits mainly relate to structural deficiencies in management systems and the lack of specific processes and guidelines at the supplier. This includes, for instance, measures to effectively prevent corruption and bribery and to rule out child labor. Serious deviations were identified at eleven suppliers but were corrected by the set deadline. In addition we piloted in fiscal 2013 audits with special focus on the handling of chemical substances and environmental protection issues at selected suppliers.

Since fiscal 2012, we have tightened the requirements for occupational health and safety standards for suppliers at our project construction sites. Specifically, for the normal health and safety management systems, we require a detailed risk assessment for every site, an appraisal of the risks identified, and measures to minimize them. In fiscal 2013, specially devised health and safety audits were conducted at construction sites in India and Bangladesh to verify this, and the relevant suppliers were trained in health and safety at construction sites.

### Know-how transfer and competence building

Our suppliers' commitment to complying with our sustainability principles is most effective when it is based on their own convictions. We are therefore increasingly committed to building our suppliers' competence and intensifying knowledge transfers related to sustainability. That's why we have developed an internet-based information and training platform, which is available free of charge to all suppliers.

On top of that, sustainability is an integral part of the Company-wide training programs for buyers. Moreover, all employees with purchasing responsibility are obligated to take part in intranet-based training on the subject of "Sustainability in the Supply Chain."



## Resource efficiency and climate protection in the supply chain

As part of the CDP reporting, we collect and publish data on our greenhouse gas emissions (Scope 3) caused by purchased products and services. We have also examined our supply chain with regard to water shortage risks and report on our activities as part of the CDP Water Disclosure program.

We work to minimize the environmental impact within our logistics and transport network. To this end, we have established a competence center. The measures we have initiated include the use of carriers with modern fleets, the optimization of our logistics networks, the contractual commitment of service providers to improving efficiency, and modal shifts, for example, from air freight to sea freight.

Energy efficiency is one of the most effective ways we can help protect the climate. This is where our Energy Efficiency Program for Suppliers (EEP<sub>4</sub>S) came in. Under this program, we offered our suppliers environmental and energy efficiency checks in the shape of internet-based self-assessments and helped them identify opportunities for reducing the consumption of energy and other resources. In doing so, we drew upon the knowledge and expertise gained in our own environmental program and our Environmental Portfolio.

Since its introduction in fiscal 2011, 1,923 supplier sites have taken part in the EEP<sub>4</sub>S. The aim of the program was to gain transparency about the energy and environmental efficiency status of our supplier base and to encourage suppliers to improve their energy and environmental efficiency on a sustainable basis by means of suggested measures. As from fiscal 2014, we will not continue EEP<sub>4</sub>S on a corporate level but will continue to support for our suppliers on an operational level.

## Production

In-house production is an important cornerstone of our operations. Siemens operates around 290 **major production and manufacturing plants** in more than 35 countries worldwide, including facilities at certain joint ventures and associated companies. A major production and manufacturing plant is defined as a facility at Business Unit level in which raw or source materials are transformed into finished goods on a large scale by using equipment and production resources such as machines, tools, energy and labor. Around 140 major production and manufacturing plants are located in the region Europe, C.I.S., Africa, Middle East; around 80 major production and manufacturing plants are located in the region Americas and around 70 major production and manufacturing plants are located in the region Asia, Australia. With around 100 major pro-

duction and manufacturing plants, the Energy Sector accounts for the greatest proportion of these, followed by the Infrastructure & Cities Sector (around 80 major facilities), the Industry Sector (around 70 major facilities) and the Healthcare Sector (around 40 major facilities).

Key elements of our production strategy include sustained improvement in the cost position for our products and solutions, and locating production sites geographically to support the development of new markets. China, for example, is one of our largest growth markets, and we have established our presence there with around 45 major production and manufacturing plants. One of the most significant features of our production activities is the diversity of products, volumes and processes: The spectrum of our products ranges from hearing aids to a 600-tonne steam turbine; production volume can be anything from a single customer-specific order to high-tech serial production; and production processes range from automated production in clean rooms to manual final assembly of major installations on construction sites.

Besides innovation in product technologies, also **innovation and efficiency improvement of production technologies** plays an important role for Siemens. In this context the efficiency of energy and raw material as well as environmental sustainability of production processes is our focus.

We designed the **Siemens Production System (SPS)** in our aim to continuously improve our global production processes. The SPS is our structured approach to designing and operating the production operations of Siemens in accordance with so-called "lean" principles. These principles aim to reduce or eliminate activities in our business processes that add no customer value. This helps us satisfy the increasingly demanding requirements of our customers while streamlining our cost position and those of our customers compared with competitors.

With the implementation of lean principles in our production operations, we aim to simultaneously achieve both shorter lead times and higher quality in our processes, products and solutions. This enables us to react even more flexibly to our customers' demands and to increase our delivery reliability. By now, the SPS has already been established in more than 80% of our major production and manufacturing facilities worldwide.

It is our strategy to ensure that all of our production and manufacturing facilities apply lean principles and that these principles are also adopted by other functions such as administration or engineering. For the latter purpose, we have widened the range of our **lean expert qualifications** by

adding specific training programs for employees engaged in administration. By the end of fiscal 2013, a total of more than 780 employees have joined (and in part already completed) lean expert qualification programs for production and/or administration.

## Quality management

Outstanding quality in our products and solutions is a key success factor for our Company. We believe that Siemens is known for high **quality** in its business processes and customer projects, which many customers consider essential in meeting their needs.

Our main objective in terms of quality is high customer satisfaction. We measure customer satisfaction using the Net Promoter Score, which is discussed in more detail on the next page. Internal audits and assessments, together with regular benchmarking, help us ensure the effectiveness and further development of our quality management. Our quality management system is designed to meet or exceed relevant recognized international standards.

We aim to maintain a strong culture of continuous improvement and high transparency. Transparency in this context means to measure quality and make it visible. To that end, we have developed a comprehensive quality approach throughout the Company to increase the quality of our products and processes. We have defined binding standards in the areas of quality responsibility, quality controlling, process quality and quality awareness for all Siemens units worldwide.

The quality management organization is well established at all levels of our business. Some 10,000 employees in our continuing operations actively provide quality management and quality assurance within our operational units. We believe that it is particularly important to ensure that quality is measurable and transparent.

The quality of our products and processes depends strongly on the capabilities of our employees. **Training on quality** is therefore an integral part of our corporate culture. Training opportunities are made available to all employees. This applies in particular to quality managers who, as experts in their fields, must demonstrate expertise with the relevant quality tools. Professional development options include web-based solutions, training plans specific to particular target groups, and on-the-job training. We regularly expand the portfolio of our training courses to complement traditional areas of the

Siemens Quality Management approach. Courses include topics such as quality management in projects, inspections and audits, and quality tools. We develop training courses in cooperation with experienced internal personnel and experts from universities and partner institutions. This approach seeks to ensure effective transfer of expertise within the Company as well as to and from external specialists.

**Product safety** is an essential aspect of product quality and an element of technical compliance. For this reason, product safety is also a strategic objective of the entire value-added process. Safe product design encompasses the safety of all products and services developed, manufactured and sold by Siemens. It involves and defines requirements for just about every function in the Company and addresses the entire lifecycle from development, production and maintenance/repair to enhancement/modification until final disposal. Accordingly, we consider legal requirements and relevant standards as well as the current state of science and technology.

## Distribution and customer relations

Our Sectors, Divisions, Business Units, and SFS have global responsibility for their business, sales and results. They are able to support customers around the world directly from their respective headquarters, especially for large contracts and projects. However, most of our customers are small and medium-sized companies and organizations that require local support. To address local business opportunities with them, we are able to draw upon a large global sales force steered by our regional companies. They are responsible for the distribution of the Siemens portfolio across our Sectors and Divisions in their respective countries. This keeps us close to our customers and positions us to offer fast and customizable solutions to their business needs. We are currently selling products and services in around 190 countries. Because of our long-lasting local presence we are often perceived as local citizens. We founded our first subsidiary in Russia in 1855, opened our first permanent office in China in 1904, founded our Brazilian subsidiary Siemens do Brasil in 1905 and founded our first Indian subsidiary in 1924.

Sustainable customer relationships are the basis for our long-term success. We employ a structured key account management (KAM) approach throughout the Company to take care of our key customers. This means that we seek to tailor our products and solutions to their size and regional site structures. We also aim to ensure that our key account managers continually develop and maintain relationships with them over the long



term. This approach is supplemented by our Executive Relationship Program. In this program, members of the Company's Managing Board stay in direct contact with selected customers and maintain an ongoing dialogue with them to familiarize Siemens with their needs.

Our business success is strongly dependent on the satisfaction of our customers. For this reason, we measure customer satisfaction in every unit of the Company using the Net Promoter Score (NPS). This internationally recognized and commonly applied managerial performance indicator, which we determine annually on a worldwide basis by means of customer surveys, measures the referral rate of our customers. The NPS for fiscal 2013 was based on the results of more than 25,200 interviews, compared to more than 24,100 interviews in fiscal 2012. In fiscal 2013, our company-wide NPS once again increased compared to the previous fiscal year.

To ensure the high quality and continuous improvement of our customer support, we have developed our Account Management Excellence Program and our Sales Management Excellence Program. We carry out strength-and-weakness analyses as well as training and qualification measures under these programs, aiming to ensure consistently high standards in our worldwide customer relationship management. In fiscal 2013, we successfully enlarged the number of participating Key Account Managers in our KAM Certification Program to ensure high quality and consistent standards at our customer interfaces.

An elementary component of all our global marketing and selling activities is compliance with applicable laws and internal rules and regulations. For example, Siemens values and compliance are an integral part of our training program.

Our systematic efforts to achieve customer satisfaction have been recognized by outside institutions. In 2013, for example, Siemens ranked in a leading position in Customer Relationship Management in the "Industrial Conglomerates" category of the SAM Dow Jones Sustainability Index for the fourth consecutive year. In addition, our customer management is also considered exemplary in the academic world – a position we strengthened over the past fiscal year through academic collaborations with Columbia University, University of Houston, Darden University of Virginia, HEC Paris and Technical University of Munich, among others. We believe that such collaborations position Siemens to compete effectively for sales talents. They also increase our social engagement in the form of training for young people in multiple countries.

## Environmental Portfolio

### Indicators<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Revenue generated by the Siemens Environmental Portfolio (in billions of €)	32.3	32.7	29.7
Accumulated annual customer reductions of carbon dioxide emissions generated by elements from the Siemens Environmental Portfolio (in millions of metric tons)	377	333	259

<sup>1</sup> Continuing operations.

Our **Environmental Portfolio** serves as an example of how we strive to align our business activities with the aforementioned megatrends, in this case climate change. The Environmental Portfolio consists of products, systems, solutions and services (Environmental Portfolio elements) that reduce negative impacts on the environment and emissions of carbon dioxide and other greenhouse gases (defined together in the following as carbon dioxide emissions) responsible for climate change.

In addition to its environmental benefits, our Environmental Portfolio enables us to compete successfully in attractive markets and generate profitable growth. In fiscal 2013, revenue from continuing operations from the Environmental Portfolio amounted to €32.3 billion, which accounted for 43% of our revenue from continuing operations in this fiscal year. This revenue includes revenue from newly developed and additionally qualified elements, and excludes revenue from elements that no longer fulfill our qualifications.

In fiscal 2010, we set ourselves a revenue target for the Environmental Portfolio within the One Siemens framework: to exceed €40 billion in revenue from the Environmental Portfolio by the end of fiscal 2014. Due to recent and ongoing portfolio changes it is no longer likely that we will achieve this target purely with our own operations by the end of fiscal 2014. Siemens' strategic focus on technologies for energy efficiency and climate and environmental protection will nevertheless remain in place. For fiscal year 2013, more than two-thirds of the revenue from our Environmental Portfolio were already generated with products and solutions for energy efficiency.

With our Environmental Portfolio, we intend, among other things, to help our customers reduce their carbon dioxide footprint, cut their energy costs and improve their profitability through an increase in productivity. Taking together all elements of the Environmental Portfolio that were installed at

customer locations since the beginning of fiscal 2002 and remain in use today, we have reduced customer carbon dioxide emissions by 377 million metric tons in fiscal 2013, which is the equivalent of the following twelve cities' combined yearly emissions: Berlin, Cape Town, London, Los Angeles, Melbourne, Mexico City, Moscow, New York City, São Paulo, Seoul, Singapore and Tokyo.

## Reporting principles

We report the revenue from our Environmental Portfolio and annual customer reductions of carbon dioxide emissions generated by it in accordance with internal regulations defined in our Environmental Portfolio Guideline. This Guideline is based on the Reporting Principles of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, revised edition, and the Greenhouse Gas Protocol for Project Accounting. Both of these standards are published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

The principles underlying these standards are relevance, completeness, consistency, transparency, accuracy and conservativeness. As there are currently no accepted international standards for identification and reporting of so-called green products, we are engaging in standardization activities with external organizations. The revenue generated by the Environmental Portfolio is recognized in accordance with revenue recognition policies as described in [SIEMENS ANNUAL REPORT 2013](#) → NOTE 2 → D.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

## Governance – processes and definitions

The qualification of Environmental Portfolio elements as well as their respective reporting is based on defined processes and criteria. In principle, any product, system, solution or service of Siemens' continuing operations may qualify for the Environmental Portfolio. The business portfolio of Siemens' continuing operations is reviewed annually regarding the qualification of Environmental Portfolio elements based on the criteria described below. This covers the inclusion of newly developed elements as well as the integration of additionally qualified elements where evidence of fulfillment of the qualification criteria was not available in prior reporting periods. For additionally qualified Environmental Portfolio elements, we report their prior-year revenue and prior-year contribution to reducing customer carbon dioxide emissions on a comparable basis. Elements that no longer fulfill our qualification criteria are excluded from our Environmental Portfolio.

Prior to inclusion in the Environmental Portfolio, potential new Environmental Portfolio elements have to undergo a multilevel internal evaluation process. Our Sustainability Board annually acknowledges changes in the composition of the Environmen-

tal Portfolio. A further task of the Sustainability Board is to discuss potential concerns of stakeholders with regard to the inclusion or deletion of certain technologies in the Environmental Portfolio.

## Criteria for inclusion of Environmental Portfolio elements

An **Environmental Portfolio element** can be a product, a system, a solution or a service as defined above. Furthermore, a core component of a system or solution may qualify as an Environmental Portfolio element if the component provided by Siemens is key to enabling environmental benefits resulting from the system's or solution's overall application. To qualify for inclusion in the Environmental Portfolio, an element must meet one of the selection criteria described below, which are energy efficiency, renewable energy or environmental technologies. Products, systems, solutions and services with planned application in military use or nuclear power are not included in the Environmental Portfolio.

- > **Energy efficiency:** The criteria for energy efficiency are an improvement in energy efficiency of 20% or more during the customer use phase compared to the applicable baseline, or a reduction of at least 100,000 metric tons of carbon dioxide equivalents per reporting period in the customer use phase. Examples of elements that meet the energy efficiency criterion are combined cycle power plants and intelligent building technology systems.
- > **Renewable energy:** This criterion covers technologies in the field of renewable energy sources such as wind turbines or smart grid applications and their respective core components.
- > **Environmental technologies:** This criterion is related to water and wastewater treatment, air pollution control, waste reduction, recycling, e-car infrastructure and its core components. It also includes the Siemens Consulting Service which analyzes customers' environmental impact. Additionally, a criterion for the Healthcare Sector is an environmental impact reduction in terms of noise, radiation or total weight of at least 25% compared to the baseline.

## Baseline methods

Energy efficiency, annual customer reduction of carbon dioxide and environmental impact are all assessed by a comparison with a reference solution (baseline). There are three different options for the reference solution: before-after comparison, comparison with a reference technology or comparison with the installed base. The baselines are reviewed annually and, if necessary, adjusted, such as when statistical data on the installed base is updated because of technical innovations or regulatory changes. The calculation of the reduction of carbon dioxide emissions is based on a comparison for every relevant

Environmental Portfolio element with a baseline. For this calculation, we focus on those elements that have a material impact on the overall carbon dioxide emissions reduction. For some emission reduction calculations, the baseline reference for the installed base is determined using known global emission factors such as those for power production. The baselines used for our calculations are mainly based on data of the International Energy Agency (IEA) for gross power production and for grid losses, on data from the Intergovernmental Panel on Climate Change (IPCC) for fuel-based emission factors, and our own assessments of power production efficiency. For consistency reasons, we generally apply global emission factors for calculating emission reductions.

### Reporting estimates

The inclusion of elements in the Environmental Portfolio is based on criteria, methodologies and assumptions that other companies and other stakeholders may view differently. Factors that may cause differences, among others, are: choice of applicable baseline methodology, application of global emission factors that may be different from local conditions, use patterns at customers that may be different from standard use patterns used for carbon dioxide abatement calculations and expert estimates if no other data is available.

To date, there is no applicable international standard that applies across companies for qualifying products, systems, solutions and services for environmental and climate protection, or for compiling and calculating the respective revenue and the quantity of reduced carbon dioxide emissions attributable to such products, systems, solutions and services. Accordingly, revenue from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions may not be comparable with similar information reported by other companies. We report the annual carbon dioxide emissions reduction in the period of installation of the Siemens Environmental Portfolio element. The period of installation will be determined by milestones or based on estimated construction periods. This may differ from the timing of revenue recognition. Furthermore, we subject revenue from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions to internal documentation and review requirements that are less sophisticated than those applicable to our financial information. We may change our policies for recognizing revenue from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions in the future without prior notice.

As in previous years, we again commissioned an independent accounting firm with a limited assurance engagement to review the reported results for our Environmental Portfolio for fiscal 2013. This review was conducted in accordance with the

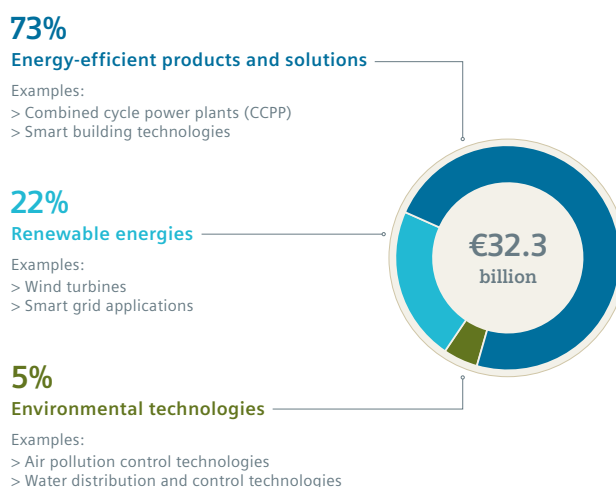
International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Nothing came to the attention of the independent accounting firm that would cause them to believe that the section Siemens Environmental Portfolio of the Environmental Portfolio Report – containing the revenue generated by the Environmental Portfolio and the annual customer reduction of carbon dioxide emissions attributable to it – has not been prepared, in all material respects, in accordance with the defined reporting principles.

### ADDITIONAL INFORMATION – ENVIRONMENTAL PORTFOLIO

In the year under review more than two-thirds of the solutions in our Environmental Portfolio relate to energy efficiency and underline Siemens' continued strategic focus on technologies in this field. Energy efficiency is not only relevant in the consumption of energy, where for example Siemens industrial motors used in conjunction with variable speed drive technology can reduce energy consumption by up to 70%. The Environmental Portfolio also offers solutions that enable the efficient generation of energy, such as our highly efficient combined cycle power plants, which can achieve an efficiency rating in power production of more than 60%.

Renewable energies account for almost a quarter of revenue generated by the Environmental Portfolio. Siemens is a leader in this field, with technological innovations such as gearless six megawatt turbines. Environmental technologies comprise a range of services and solutions related to water and air pollution control, as well as products from the Healthcare Sector where an environmental impact reduction is achieved by reducing noise, radiation, or weight.

Siemens Environmental Portfolio: breakdown by elements<sup>1</sup>



<sup>1</sup> Distribution based on qualification process.

## Environmental protection

### Indicators<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Energy efficiency improvement compared to baseline in fiscal 2010	4%	8%	5%
Waste efficiency improvement compared to baseline in fiscal 2010	4%	7%	10%
Waste for disposal reduction compared to baseline in fiscal 2010	7%	8%	7%
Carbon dioxide emission efficiency improvement compared to baseline in fiscal 2010	13%	13%	9%

<sup>1</sup> Continuing operations.

### Overview

To meet today's global ecological challenges responsibly, Siemens has a comprehensive EHS (Environmental Protection, Health Management and Safety) management system. The process requirements of this management system help our operating units comply with applicable laws, regulations and customer requirements, satisfy our corporate requirements properly and achieve our Siemens-wide environmental targets. The environmental protection management system requires that our relevant production and office sites must implement an environmental management system which fulfills the requirements of the internationally recognized ISO 14001 standard and also our own internal standard, known as "Specifications on environmentally compatible product and system design." This internal standard defines requirements to reduce the environmental impact of our products and systems during the production, use and disposal phase and is an integral part of our business processes. The management system includes a number of effective and complementary environmental programs as well as a set of Siemens-wide environmental targets. We conduct regular internal reviews of our environmental performance and progress, in order to create a cycle of continual improvement.

Our commitment to continual improvement led to two environmental protection programs in fiscal 2012: "Serve the Environment" for industrial environmental protection and "Product Eco Excellence" for product-related environmental protection. They are designed to improve energy and resource efficiency, to fulfill growing international requirements with regard to environmental protection, to increase customer benefits, and to proactively strengthen our position as a sustainable company. Based on centralized recorded environmental data, we focus our improvement efforts on the product-related and industrial environmental protection requirements that need to be met.

### Industrial environmental protection

Our industrial environmental protection efforts focus on optimizing energy and resource efficiency at our sites. With the "Serve the Environment" program we are committed to the following Siemens-wide main targets:

- > to continue our systematic effort to improve energy efficiency, and thereby achieve corresponding improvement in our carbon dioxide efficiency;
- > to improve the waste efficiency each year by 1% until 2014; and
- > to reduce waste for disposal each year by 1% until 2014.

Furthermore, Siemens continues with the water risk management approach we developed in fiscal 2012. In locations where there are particular water risks (for example as a result of aridity, high waste-water loads or poorly developed technical infrastructure), the local sites need to define targets matched to local conditions and, in meeting those targets, effectively reduce risks and negative impacts on the environment. Finally, our "Serve the Environment" program also addresses air pollution by seeking alternative solutions for any ozone-depleting substances still in legally permissible use. The generation of "balance sheets" for ozone-depleting solvents – even those we use in quantities below statutory minimum thresholds – is one of our measures for reducing air pollution. We measure progress toward achieving our "Serve the Environment" program targets by aggregating the results of measures implemented locally at our sites.

We calculate our performance indicators for all office and production sites of environmental relevance using environmental data gathered quarterly. We calculate environmental performance on a portfolio-adjusted basis. This approach enables us to survey and compare our environmental performance over time, regardless of acquisitions and disposals. We use a single indicator which incorporates weighted calculations related to the primary fuels consumed in generating the energy used at our sites. This indicator takes into account the amount of energy used to extract, convert and distribute the fuels consumed. Fossil energy sources receive a higher primary energy factor than renewable energy sources. Siemens sites can accordingly increase their energy efficiency and reduce their impact on natural resources by strategically adjusting their choice of energy sources.

We achieved the targets we set ourselves in fiscal 2013. Due to the weaker business we were unable to maintain the level of energy and waste efficiency reached in fiscal 2012. By implementing several measures for waste disposal reduction and reasonable energy procurement, the waste disposal ratio and CO<sub>2</sub> efficiency were almost maintained at the level of fiscal 2012.

## Product-related environmental protection

The major focus of product-related environmental protection is to improve the overall environmental performance of our products and systems. We define mandatory requirements in our internal environmental standard to reduce the environmental impact of our products and systems during the product development, production, use and disposal phases. The “**Product Eco Excellence**” program supports our businesses to fulfill these requirements. Additionally, the program aims to better prepare the operating units for future regulatory and customer requirements, to strengthen environmental communication, and to broaden environmental awareness among our employees. The main elements of the program are:

- > Being committed to continuously improve transparency regarding declarable substances, particularly in purchased parts and components. To gain transparency, we provide a list of declarable substances (LoDS), comprising substances that are restricted in use due to regional or application-specific regulations, or due to potential health and environmental risks posed by these substances themselves and in the manufacture, use and disposal of products containing them. We strive for an improved basis for assessing the environmental impact of our products, and ensuring that our customers’ requirements in the respective target markets are met. This also supports closing material cycles (cradle to cradle) which is becoming an increasingly important topic as global market demands.
- > To develop a methodology for better assessing risks such as environmental, toxicological, and future availability risks associated with used substances and materials. The results are the basis for substitution decisions within product development. We have developed the methodology and will roll it out as part of the environmental program. We intend to verify the potential of the methodology using pilot projects.
- > To establish a harmonized procedure for determining the “ecological footprint” of our products whose coverage we want to further increase. In order to determine and evaluate the “ecological footprint” of our products and systems, we have adopted the requirements of international life-cycle assessment (LCA) standards ISO 14040 and ISO 14044. The assessment results are the basis of our environmental product declarations (EPD) which our customers rely on for reducing their own environmental impact.

## ADDITIONAL INFORMATION – INDUSTRIAL ENVIRONMENTAL PROTECTION Reporting on environmental factors and collecting environmental data

In fiscal 2013, we used our environmental information system to analyze 331 reports from sites in 43 countries where defined threshold values were exceeded for parameters such as energy use, resource consumption, emissions, and environmental management. To measure and monitor our environmental impact, we use absolute values such as energy consumption in gigajoules. We report environmental data on a portfolio-adjusted basis. In the year under review, we extrapolated for the first time certain figures to 100% in order to reflect complete consumptions in our figures. Overall, the extrapolation was not significant to the figures reported, except for primary energy where we scaled up from 74% to 100% coverage; water consumption and wastewater from 84% respectively. Prior year numbers have been adjusted accordingly.

### Environmental management system

All our locations have an environmental management system in place; 284 of them are also certified in accordance with ISO 14001. The majority of these, 278 sites, are externally certified, six sites have been audited and certified by Siemens internal auditors. The decision as to whether a unit has its environmental management system certified in accordance with ISO 14001 is made by the environmental protection executives of the Sectors, Divisions, and Regions in close consultation with the environmental protection officers. 20 Siemens locations have implemented an energy management system in accordance with ISO 50001. Further locations are in the process of implementation.

### Energy consumption

#### | Primary energy (1,000 gigajoules)<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Natural gas/liquid petroleum gas	6,029	6,029	5,562
Fuel oil, coal, gasoline/diesel fuel	314	344	557
<b>Total</b>	<b>6,344</b>	<b>6,373</b>	<b>6,119</b>

| 1 Discrepancies in totals are the result of rounding.

In fiscal 2013, the total consumption of natural and liquid petroleum gases was unchanged from the previous year. Within this category, the consumption of natural gas declined, while the consumption of liquid petroleum gas rose. The consumption of other fossil fuels plays a minor role compared to gas consumption and decreased by 9%; in particular, there was a reduction in the consumption of on-site car fuels. Overall, the total primary energy consumption decreased by only 0.5% compared to the previous year.



### Secondary energy (1,000 gigajoules)<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Electricity	9,264	9,322	9,459
District heating	2,297	2,122	2,207
<b>Total</b>	<b>11,560</b>	<b>11,444</b>	<b>11,666</b>

<sup>1</sup> Discrepancies in totals are the result of rounding.

Electricity consumption has declined by 1% year-on-year. The consumption of district heating increased, in line with the growing trend recorded for liquid petroleum gas, mostly due to the longer heating period in Europe and the U.S. compared to prior years.

In order to use energy efficiently, the Siemens Energy Efficiency Program continued in fiscal 2013. Energy saving projects have been realized and energy management systems have been implemented at energy-intensive locations.

In addition to energy consumption at the locations reported above, the energy consumed by the Company's business vehicles is recorded centrally. Staff vehicles, service vehicles, and trucks owned by Siemens are grouped together for this purpose. In fiscal 2013, the Company fleet consumed fuel with an energy content of around 4.9 million gigajoules.

### Greenhouse gas emissions

Our greenhouse gas balance is made up of the total emissions at our locations and the emissions caused by Company vehicles and business travel. We report our greenhouse gas emissions on the basis of the Corporate Standard of the Greenhouse Gas Protocol of the World Resource Institute and of the World Business Council for Sustainable Development. Direct greenhouse gas emissions (Scope 1) arise from sources in the Company's ownership or under its control. Indirect greenhouse gas emissions (Scope 2) refer to the consumption of purchased electrical energy and district heating. Business travel is reported in Scope 3 because it is based on the use of services and vehicles provided by external companies.

### Greenhouse gas emissions (in 1,000 metric tons of CO<sub>2</sub> equivalents)

	Year ended September 30,		
	2013	2012	2011
Scope 1	998	1,005	963
Scope 2	1,338	1,379	1,404
Scope 3 <sup>1</sup>	401	428	478
<b>Total</b>	<b>2,737</b>	<b>2,812</b>	<b>2,845</b>

<sup>1</sup> Emissions from travel (flights, rail, rental cars).

### Distribution of greenhouse gas emissions (in %)

	Year ended September 30,		
	2013	2012	2011
Electricity and district heating	49	49	49
Natural gas, liquid petroleum gas, heating oil, fuels	26	26	27
Other Kyoto gases <sup>1</sup>	10	10	7
Business travel	15	15	17

<sup>1</sup> This includes technical CO<sub>2</sub>, SF<sub>6</sub>, HFC, PFC, CH<sub>4</sub> and N<sub>2</sub>O.

Direct greenhouse gas emissions (Scope 1) have been reduced by 1%; this is mainly due to lower consumption of vehicle fuels, and the improved handling of refrigerants and sulfur hexafluoride (SF<sub>6</sub>). Electricity and district heating emissions (Scope 2) decreased by 3%, due to lower emissions from electricity generation. We were in addition able to reduce business travel emissions by 6%, e.g., thanks in part to the increased use of electronic communication media. Especially emissions from flights and rental cars decreased; only emissions from environmentally friendly train travel increased. In total, greenhouse gas emissions decreased by 3% year-on-year.

### Atmospheric pollutant emissions

Other industrial emissions into the atmosphere are also relevant in terms of environmental protection. Volatile organic compounds (VOC) contribute to the formation of ozone close to the earth's surface and are responsible for what is known as summer smog. We use these organic compounds as solvents in paints and adhesives, in impregnation processes, and for surface cleaning. We also monitor the use of ozone-depleting substances (ODS) and comply with the Montreal Protocol, an international convention on the protection of the ozone layer, as well as with country-specific legislation.

### Atmospheric pollutant emissions (in metric tons)

	Year ended September 30,		
	2013	2012	2011
Volatile organic compounds	882	1,012	1,065
Ozone-depleting substances in metric tons of R11 equivalent <sup>1</sup>	0.14	0.14	0.17

<sup>1</sup> R11 equivalent measures ozone depletion potential.

The emissions of volatile organic carbon decreased, due to, among other factors, the implementation in some factories of new and more environmentally friendly processes. The volume of emissions of ozone depleting substances is on the same low level as in the previous year, at 0.14 metric tons of R11 equivalent; however, we have already achieved increased awareness for developing phase-out plans.

In calculating nitrogen oxides, we have assumed typical combustion conditions in the relevant thermal processes, resulting in a figure of 217 metric tons for environmentally relevant locations in the year under review. The figure includes nitrogen oxides released during the incineration of fuels reported in the section on primary energy.

## Waste

The environmental relevance of waste depends on the type of waste and its method of disposal. We differentiate between hazardous and non-hazardous waste. These two groups are further divided into recyclable waste and waste for disposal. We report waste from construction or demolition work separately because this kind of waste material arises independently of production.

### Waste (in 1,000 metric tons)

	Year ended September 30,		
	2013	2012	2011
Non-hazardous waste	311	327	346
Hazardous waste	30	30	33
Construction waste	25	27	33
<b>Total</b>	<b>366</b>	<b>384</b>	<b>412</b>

Year-on-year, the amount of waste (excluding construction waste) fell by a total of 4%. This decrease results mainly from the reduction in non-hazardous waste due to lower production capacity utilization in the Energy Sector.

### Recycling (in %, including construction waste)

	Year ended September 30,		
	2013	2012	2011
Share of recycling in total waste	83	85	81

The waste recycling rate decreased slightly to 83%. This is due to the lower proportion of recyclable waste in demolition projects.

## Water and wastewater

### Water consumption (in million cubic meters)<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Water consumption	8.7	9.4	9.7

<sup>1</sup> Does not include 17.1 million cubic meters of cooling water drawn from groundwater and surface water resources and returned chemically unchanged, but warmed.

In the year under review, Siemens' water consumption fell by about 8%, mainly due to lower production volumes.

### Wastewater (in million cubic meters)<sup>1,2</sup>

	Year ended September 30,		
	2013	2012	2011
Cooling water	0.6	0.8	1.0
Wastewater from employee facilities	5.9	6.1	6.1
Wastewater from manufacturing processes (total)	0.9	0.9	1.1
Other (incl. losses)	1.4	1.5	1.5
<b>Total</b>	<b>8.7</b>	<b>9.3</b>	<b>9.7</b>

<sup>1</sup> Does not include 17.1 million cubic meters of cooling water drawn from groundwater and surface water resources and returned chemically unchanged, but warmed.

<sup>2</sup> Discrepancies in totals are the result of rounding.

## Environment-related incidents and penalties

In the year under review, we recorded nine environmentally relevant incidents. These are occurrences that must be notified to the authorities – notifiable incidents – or that had an external impact on the environment. Five of them involved releases into bodies of water or sewer networks, three the discharge of oil or resins, and one related to atmospheric emissions. We remediated the minor damages and analyzed the incidents to prevent future recurrence. No significant penalties were imposed in the year under review and in the previous year.

## Biodiversity

Siemens' activities have an impact on nature and wildlife at its own locations. For example, at our Anhangüera site in Brazil, we have set up a large protected area traversed by a nature trail in the Atlantic rainforest. Our employees also demonstrate their commitment to the conservation of nature and wildlife by descaling soil and restoring green spaces at our sites, improving the microclimate, and protecting wildlife.

## ADDITIONAL INFORMATION – PRODUCT-RELATED ENVIRONMENTAL PROTECTION Life-cycle thinking

At Siemens, closing material loops (cradle to cradle) is becoming increasingly important for resource conservation in product development. For this reason, it is included in our internal environmental standard and closes the information loop between the end of life of one product and the development phase of a new product for our product designers. It means that by reusing, refurbishing, or recycling, products, components, or materials, they go through more than just one life-cycle, and therefore make a substantial contribution to the protection of the environment. In this context, the use of critical substances in an electronic product can greatly impact the

product's recyclability. As far as technically feasible, Siemens avoids the use of all LoDS-listed substances in its products worldwide, thereby exceeding existing statutory requirements.

During the supplier qualification process, new suppliers must commit to declaring substances listed on the LoDS. These basic substance declaration requirements are mandatory for our suppliers and are included in procurement and project contracts. In real terms, this means that our suppliers must notify us if their products and components contain declarable substances and must provide us with the relevant detailed information. To make an easy-to-use method with high data quality readily available, Siemens relies on an internet-hosted database in which our suppliers declare the substances they use in their products.

At the end of the life-cycle, the handling of used electrical and electronic equipment or its disposal entails much more than collecting and recycling old devices. It is therefore important to have an adequate return and recycling system in place for such devices or even to run a refurbishing process for complete systems. For this purpose, we make appropriate information available to our customers and give recommendations as to how to deal with our products at the end of their use phase.

### Lifecycle assessments and environmental product declarations

We use specific software solutions and scientifically recognized databases to determine and evaluate the ecological footprint of our products and solutions on the basis of LCAs. In addition to detailed lifecycle assessments (full-scale LCAs), we make use, where appropriate, of simplified lifecycle assessments (screening LCAs) such as CO<sub>2</sub> screenings.

The results of the LCAs are the basis of our environmental product declarations (EPDs) and support product development. In this way, we help our customers improve their current and future environmental impact. To ensure that our EPDs offer a consistent level throughout the Company, we bring together the experience of the individual Business Units in the form of a dedicated panel of experts. In the year under review, the panel developed internal process guidance for the creation of EPDs based on the requirements of ISO 14025. By applying this process guidance, Siemens increases its standard of quality regarding EPD creation.

### Lifecycle assessments and environmental product declarations (percentage of revenue covered)

	Year ended September 30,		
	2013	2012	2011
Full-Scale	67	66	66
Screening	53	54	55
EPD	71	72	72

We consider the revenue of a Business Unit in relation to Siemens revenue once we have carried out at least one "Full-scale LCA," "Screening LCA," or "EPD" for their products or systems. No product-related coverage is calculated.

In addition to the environmental product declarations we also provide information on many of our products and systems to enable customers to use them as efficiently as possible and therefore in an environmentally friendly way.

## Employees

### Indicators<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Employee turnover rate <sup>2</sup>	10.8%	10.7%	12.9%
Female employees in management positions (percentage of all management positions) <sup>3</sup>	15.6%	15.3%	14.6%
Expenses for continuing education (in millions of €) <sup>4</sup>	265	283	251
Expenses per employee for continuing education (in €) <sup>4</sup>	670	693	608

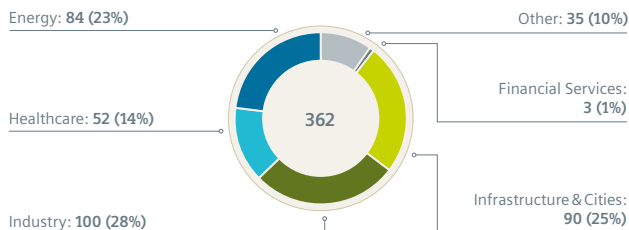
- 1 Continuing and discontinued operations.
- 2 Employee turnover rate is defined as the ratio of voluntary and involuntary exits from Siemens during the fiscal year to the average number of employees.
- 3 Employees in management positions include all managers with disciplinary responsibility, plus project managers.
- 4 Without travel expenses.

Excellent employees are one of Siemens' vital strengths. They have made Siemens what it is today and their expertise, capabilities and high level of engagement are laying the foundation for our future success. To stay competitive, we need to continuously win and retain the best and brightest employees worldwide. As an employer of choice, we empower our diverse and engaged people worldwide with a high-performance culture, encourage life-long learning and development, offer an attractive working environment and ensure occupational health and safety.



### Employees by segments as of September 30, 2013

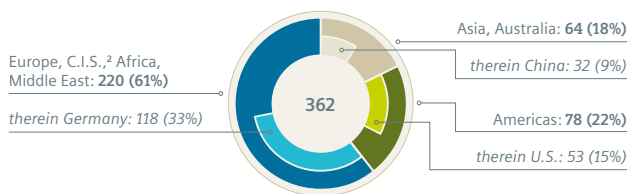
(in thousands)<sup>1</sup>



<sup>1</sup> Continuing operations.

### Employees by regions as of September 30, 2013

(in thousands)<sup>1</sup>



<sup>1</sup> Continuing operations.

<sup>2</sup> Commonwealth of Independent States.

Siemens believes that employee engagement is a key driver for sustainable company performance. An engaged workforce drives innovation, growth and profitability. Since 2010, the Siemens Global Engagement Survey has been seen as an important management tool. Moving forward, the Engagement Survey will be conducted on a biennial basis to allow more time to set measures and to follow-up on improvements.

Demographic change, lifelong employability and cross-generation collaboration are Siemens' key challenges to be mastered, and we see differences between regions and labor markets. To remain an employer of choice, we are taking appropriate action based on local needs. For example, with the proportion of employees older than 55 continuously rising in Europe and the U.S., supporting employability of our experienced employees and ensuring knowledge transfer are important measures. On the other hand, this age group makes up just 3% of the workforce in Asia with 58% of the workforce age 35 or below. Here the heterogeneous professional qualifications require offer-

ings for early learning opportunities for the group age 35 or below. Based on a common approach, we are encouraging the exchange of proven practices between countries and are fostering leadership awareness around collaboration in cross-generation teams.

### Diversity

As a global player, the vast and diverse range of our employees' capabilities, experience and qualifications forms a substantial competitive advantage, and supports our value proposition as an employer.

The Global Diversity Office coordinates strategies, measures and programs across Siemens following these principles:

- > we want to have the best person for every position,
- > we want to provide opportunities for diversity of experience and interaction, and
- > we want to achieve diversity of thinking across our Company.

**Diversity networks and programs** – Our various global diversity networks promote and discuss diversity topics across the Company. These groups and programs include the Global Leadership Organization of Women (GLOW), Diversity Ambassador and GENE, our generations network to foster cross-generation exchange. In addition, we have over 120 local employee networks worldwide with employees actively engaged in diversity-related programs and activities.

**Diversity scorecard** – To measure our progress in the area of diversity, we have a scorecard of five parameters, which we track yearly and compare to prior years: These five parameters include professional knowledge, diversity at all levels, composition of our top talent pool, culture and branding, and experience mix.

**Diversity in management** – We've developed our management recruitment processes to ensure that the preliminary selection of candidates reflects the diversity of our customers and employees at all levels and in all regions. For example, the percentage of women in management at Siemens globally has nearly doubled since fiscal 2002 to 15.6%.

**Work-life integration** – A growing number of employees seek more flexibility in how they balance work with the rest of their lives, for example, childcare responsibilities. At many of our locations worldwide, we now provide options for flexible work

schedules, part-time work and telecommuting. At the same time, particularly in Germany, we are expanding the availability of childcare options near the Company sites, such as nurseries, daycare centers and children's after-school centers – taking local conditions into account.

### Talent acquisition and employee development

Attracting, contacting, hiring, promoting and systematically developing the best employees worldwide for Siemens – that is our goal in Talent Acquisition and Employee Development.

In order to meet our requirements for qualified staff, we attract new talent to Siemens and also work on retaining our existing workforce for the long term. To attract new talents, Siemens has a wide array of programs in place: With the Siemens Advanced Program, for example, we attract highly-qualified bachelor graduates to become future technology experts for the Company. The Siemens Graduate Program (SGP), on the other hand, prepares talented graduates for future management tasks within the Company.

The Performance Management Process (PMP) helps leaders and employees determine clear personal goals and share the feedback necessary to achieve them. The process also supports us in setting compensation, providing professional development opportunities and identifying talents throughout the Company. To reflect the focus on high-performance within Siemens, our compensation system for our top executives and senior management worldwide includes a variable component.

### Learning and continuing education

We encourage our employees at all locations to develop their qualifications and expertise. In fiscal 2013, we invested around €265 million for continuing education (without travel expenses), which equals about €670 per employee. The expenses include courses and training programs both for individual employees and for entire company units.

Siemens Learning Campus and Siemens Leadership Excellence, two corporate-level organizations, are responsible for implementing the global learning portfolio: Siemens Learning Campus offers regional learning opportunities to employees in all countries, ranging from courses for employees and managers, through tailored training programs and services for groups, to solutions for entire organizations. Siemens Core Learning Programs promote the systematic development of our employees and are tailored to the daily business challenges faced by employees in specific areas such as sales, project management, procurement, development or production. In

fiscal 2013, we introduced new programs for customer services and quality management in projects. The Siemens Leadership Excellence programs prepare leaders at the highest levels of the organization for their future responsibilities.

Siemens continues to be one of Germany's largest providers of professional education for secondary school graduates (7,000 places for Siemens trainees and 2,800 places for trainees from other companies). As in previous years, we again made 10% of our trainee positions available to disadvantaged youths. In addition, we offered for the second time a professional education according to the German system, which is benefiting 31 school graduates coming from twelve European countries.

### Siemens equity culture

Siemens established its first employee share program in Germany as early as 1969. Building on this successful program in Germany, Siemens decided in 2008 to extend employee and management participation. Today, Siemens offers approximately 95% of its employees in 60 countries the opportunity to acquire Siemens shares with the Company's financial support. The Share Matching Plan is based on a simple principle: Employees participating in the plan will receive one Siemens share without payment of consideration (matching share) for every three Siemens shares bought and continuously held over a period of three years. Only condition: The employee still needs to be employed by Siemens. The main idea of the plan has always been to make stock ownership available to employees at all income levels.

We are convinced that empowering employees with shares motivates them to assume greater responsibilities and helps them identify more closely with the company they work for – a fundamental prerequisite for the sustainable development of Siemens.

### Employee rights and relations to employee representatives

Fair-minded collaboration among Company management, employees and employee representatives plays a central role at Siemens. As one of the largest corporate employers in Germany and worldwide, we are committed to our social responsibility and respect and uphold the fundamental rights of our employees – which already apply worldwide and are firmly anchored in our Business Conduct Guidelines. Underscoring this commitment, Siemens, the Siemens Central Works Council, the German trade union IG Metall and the global industrial union IndustriAll have signed an international framework agreement on the principles of corporate responsibility.

## ADDITIONAL INFORMATION – EMPLOYEES\*

### Siemens employees<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Siemens (in thousands)	367	410	402
Europe, C.I.S., <sup>2</sup> Africa, Middle East (as a percentage of total employees)	60	58	58
Americas (as a percentage of total employees)	22	23	22
Asia, Australia (as a percentage of total employees)	18	19	19

- 1 Discrepancies in totals are the result of rounding.
- 2 Commonwealth of Independent States.

The decrease in the number of employees in fiscal 2013 was mainly caused by the OSRAM spin-off.

### Proportion of women (as a percentage of total employees)

	Year ended September 30,		
	2013	2012	2011
Siemens	24	25	25
Europe, C.I.S., <sup>1</sup> Africa, Middle East	22	23	22
Americas	26	26	26
Asia, Australia	28	31	32

- 1 Commonwealth of Independent States.

### Employees in management positions

	Year ended September 30,		
	2013	2012	2011
Siemens	50,200	51,200	49,900
Female employees in management positions (percentage of all management positions)	15.6	15.3	14.6

- 1 Employees in management positions include all managers with disciplinary responsibility, plus project managers.

## Employee development

New hires were down by 33% in the year under review. In the same period, exits were almost on the same level as in the previous year. The percentage of all Company dismissals was 21% for the year, compared with 19% the year before. All other variations result from changes in the basis of consolidation and other changes.

- \* All figures quoted in this section refer to continuing and discontinued operations; any deviations from this are indicated.

### Siemens employee hires (in thousands)<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Siemens	35.4	52.6	74.4
Europe, C.I.S., <sup>2</sup> Africa, Middle East	14.6	24.4	32.7
Americas	10.0	14.4	16.4
Asia, Australia	10.8	13.9	25.4

- 1 Discrepancies in totals are the result of rounding.
- 2 Commonwealth of Independent States.

### Women hired (as a percentage of new hires)

	Year ended September 30,		
	2013	2012	2011
Siemens	32	31	28
Europe, C.I.S., <sup>1</sup> Africa, Middle East	26	27	24
Americas	28	29	26
Asia, Australia	44	38	34

- 1 Commonwealth of Independent States.

### Siemens employee exits (in thousands)

	Year ended September 30,		
	2013	2012	2011
Siemens	42.7	43.5	52.6

### Retiring within the next five years (as a percentage of total employees)<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Siemens	13	12	12

- 1 Based on the Siemens worldwide average retirement age of 60.

### Employee turnover rate (in %)<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Employee decision	4.9	4.3	5.2
Other reasons for exit	5.9	6.4	7.7
<b>Total</b>	<b>10.8</b>	<b>10.7</b>	<b>12.9</b>

- 1 Employee turnover rate is defined as the ratio of voluntary and involuntary exits from Siemens during the fiscal year to the average number of employees.

## Changes in age structure

The distribution of employees by age group remained virtually unchanged compared to the year before. The median age in the year under review was 41.

### Age structure in FY 2013 (as a percentage of total employees)<sup>1</sup>

	< 35	35 – 44	45 – 54	> 54
Siemens	33	27	26	13
Europe, C.I.S., <sup>2</sup> Africa, Middle East	28	27	30	14
Americas	28	26	27	19
Asia, Australia	58	29	11	3

<sup>1</sup> Discrepancies in totals are the result of rounding.

<sup>2</sup> Commonwealth of Independent States.

## Working hours and working arrangements

### Average official weekly working hours<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Siemens	39.0	39.1	39.1
Europe, C.I.S., <sup>2</sup> Africa, Middle East	37.6	37.6	37.6
Americas	41.1	41.2	41.0
Asia, Australia	41.4	41.5	41.5

<sup>1</sup> Contractually agreed weekly working hours at the end of the fiscal year.

<sup>2</sup> Commonwealth of Independent States.

### Use of working hour programs at Siemens (in thousands)

	Year ended September 30,		
	2013	2012	2011
Part-time	10.5	11.3	16.1
Employees on leave of absence	8.7	9.1	7.4

## Time spent on continuing education by category

Compared to the previous fiscal year, the average number of hours spent on training by participants in the Siemens Leadership Excellence programs remained unchanged in fiscal 2013. Training measures at corporate management level are decided and implemented as needed in close cooperation with the CEO and the Company's Managing Board.

### Average number of training hours per category<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Corporate management (28 participants in FY 2013)	16	–	–
Top management			
New appointees (28 participants in FY 2013)	56	56	56
Alumni (0 participants in FY 2013)	–	25	25
New general management appointees (approx. 140 participants in FY 2013)	94	94	94
New higher management appointees (approx. 410 participants in FY 2013)	64	64	64
New management appointees (approx. 415 participants in FY 2013)	66	66	66

<sup>1</sup> Based on participants in Siemens Leadership Excellence programs or Executive Courses.

## Occupational health and safety management

Occupational safety and health management are key elements of our company's sustainable strategy and an integral part of our business processes. We therefore develop central projects and processes that are then applied locally in conjunction with programs that are individually adapted to the respective business activity. Occupational safety and health management are an integral part of our Business Conduct Guidelines, our internal monitoring systems, and our risk management and internal control systems. In addition, occupational safety is part of an international framework agreement between Siemens AG, the Central Works Council of Siemens AG, IG Metall and the global union IndustriAll.

**Promote a culture of safety** – In the past, occupational safety was often characterized by a focus on technical protective measures, an approach which achieved considerable success. We are convinced, however, that further improvement can be achieved only through an actively practiced occupational safety culture and optimum working conditions – in every country and for all Siemens employees as well as those of our contractor partners. Both as a company and as individuals we are responsible for ensuring that the working environment at Siemens is safe at all times and for every employee. At present, local best practices exist which we can build on. We will achieve sustainability, however, only through a global and consistent approach.

Our customers, suppliers and regulatory authorities expect high safety standards from us. Safe behavior is governed not only by complying with laws, regulations and procedures, but also by the personal values of managers and employees. Therefore, Siemens launched the Zero Harm Culture @ Siemens Program in fiscal 2012 to improve our safety performance. It contains three principles:

- > Zero incidents – it is achievable!
- > Health and safety – no compromises!
- > We take care of each other!

We always start by analyzing the current status and the safety situation locally to get an overview of the needs for improvement and further activities. Involving the management at a very early stage guarantees the importance and sustainability of the program. Global sharing of best practice and exchange of experience ensures further sustainable progress. Our aim is to learn from positive examples and to change attitudes and behavior, supporting our goal of sustainable development by taking ambitious action.

In fiscal 2013 the overall number of fatalities was lower than in fiscal 2012. We attribute that to the numerous and consequent actions and specific initiated projects. An implemented process for the assessment of suppliers is supporting these activities. Furthermore Supply Chain Management and Sectors have developed collaborative plans to improve the EHS profile of suppliers. Regrettably, we report five work-related fatalities of Siemens employees and ten work-related fatalities of contractors in fiscal 2013, therein one fatality of a contractor as part of our discontinued operations. In the previous year there were four fatalities involving Siemens employees and 15 involving contractors.

**Promoting health** – Siemens has established a high standard of occupational health and safety to avoid work-related health risks and promote employees' health with a sustainable approach. We help our employees assume responsibility for their own personal behavior in health-related matters, and support health-promoting general conditions within the Company. We promote the physical, mental and social well-being of our employees through a range of activities governing the five topics of healthy work environment, psychosocial well-being, physical activity, healthy nutrition and medical care.

We also defined requirements for a Siemens health management system (HMS) which provides a Siemens-wide approach to controlling health management in a systematic and sustainable manner. Company units can revert to it if they want to integrate health in the organizational structure and working processes.

## ADDITIONAL INFORMATION – OCCUPATIONAL SAFETY Accidents worldwide

When recording lost-time injuries (LTIs), we incorporate the applicable national definitions.

### | LTIFR employees and contractors<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Employees <sup>2</sup>	0.70	0.77	0.87
Contractors <sup>3</sup>	0.36	0.55	0.64

- 1 Lost-time injury frequency rate: number of lost-time injuries (LTI) x 200,000/work hours performed; LTIs are accidents that result in at least one lost day of work. Compared to previous years, we changed our internal and external reporting to the factor of 200,000 following the OSHA (Occupational Safety and Health Administration) standard; prior year numbers have been adjusted accordingly.
- 2 Depending on national regulations, foreign or temporary workers may also count as employees.
- 3 Contractors who bill by time.

In order to reduce the number of accidents, we have introduced additional Sector-specific actions and programs, particularly on construction sites and in projects. We also take a very rigorous approach to selecting contractor companies and have introduced even more stringent occupational safety requirements. As a result of the systematic assessment process that we developed and introduced in fiscal 2012, more than 70 contractor companies were excluded from Siemens projects in India as of the end of the year under review. They will not be reconsidered by us as potential contractors until the issues objected to have been rectified and they have successfully completed our assessment process again.

Significant progress in enhancing the collaboration with contractors and improving the safety culture was made in India and the Middle East. As part of the "Suraksha" (Hindi for safety) project launched in fiscal 2012, for example, we have intensified our occupational safety training for contractors and our own employees in India. Additionally, in fiscal 2014, we will implement an Environmental Protection, Health Management and Safety (EHS) training program there with ten strategically important contractors in India.

## Occupational illness

The total number of cases of occupational illness relative to the number of employees has remained at a low level for many years. The corresponding indicator (occupational illness frequency rate, OIFR) relative to 1,000,000 work hours performed was 0.26 in the year under review (FY 2012: 0.45, FY 2011: 0.34). Here we report only the figures for Siemens AG. The OIFR is calculated solely on the basis of cases of occupational illness recognized by the Employers' Liability Insurance Association.

## Compliance

### Indicators<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Inquiries submitted to the Ask us help desk	416	1,009	1,740
Compliance cases reported	908	830	- <sup>2</sup>
Disciplinary sanctions	305	266	306
therein warnings	188	173	179
therein dismissals	75	73	77
therein other <sup>3</sup>	42	20	50

1 Continuing and discontinued operations.

2 No data available, as expanded reporting process was introduced in FY 2011.

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

The Siemens Business Conduct Guidelines provide the ethical and legal framework within which we conduct our business activities. Our compliance system aims to ensure that all our worldwide business practices remain within this framework as well as in compliance with applicable laws. To serve this purpose, our compliance system includes three pillars: prevent, detect and respond. We are continuously working on further strengthening compliance in the Company and to continue our efforts in combating corruption, together with other market participants and governmental organizations (Collective Action).

The Compliance Risk Assessment (CRA) process – in use as of fiscal 2012 – requires the CEOs and managers in the Company to systematically determine and assess the compliance risks to their units together with the responsible Compliance Officer on an annual basis. These analyses have been performed for all operating units of the Company in fiscal 2013 and have been incorporated into the compliance risk analysis at group level which aims to determine systematic and globally recurring compliance risks to the Company as promptly as possible. As well as the CRA results, this analysis of the overall compliance risk at

group level takes into account, for example, the assessment of compliance controls and results of case-related investigations. Relevant risks are reported to the Siemens Enterprise Risk Management (ERM) and measures to reduce the risks are drawn up and implemented.

The Ask us help desk encourages our employees to ask their compliance-related questions. Employees submitted 416 inquiries to the help desk in fiscal 2013. We believe the decline from 1,009 inquiries in fiscal 2012 is due to improvements made in our processes and to increasing knowledge and understanding of compliance policies and processes among Siemens employees. Furthermore, all employees can pose questions directly to the compliance officer responsible for their unit.

The Tell us help desk and the Company's ombudsman are two secured reporting channels that can be used by our employees and external stakeholders to report violations of external and internal rules. These reports are passed on to our Compliance Organization. Furthermore, possible misbehavior may also be reported directly, via the Managing Board or via supervisors to the Compliance Organization, particularly to the Compliance Officers in our individual company units. Our employees regularly make use of this reporting channel. As a consequence, we have decided to report the total number of compliance cases requiring further inquiries or investigations reported through all mentioned reporting channels from fiscal 2013 (FY 2013: 908; previous fiscal: 830).

On December 9, 2009, Siemens launched a global US\$100 million Siemens Integrity Initiative to support organizations and projects that fight corruption and fraud through Collective Action, education and training. This initiative is part of the World Bank Siemens AG comprehensive settlement of July 2, 2009. The status of the 31 projects funded within the first funding round with a total contractual funding volume of US\$37.7 million was presented to the World Bank in March 2013. On June 27, 2013, Siemens started the second funding round; it is intended to fund up to 25 projects with a total funding volume of up to US\$30.0 million.

On October 12, 2012, the Company received the Year Four Report from the Compliance Monitor Dr. Theo Waigel, whom Siemens had engaged as part of the settlement reached with the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ) in December 2008. The Monitorship has ended after the full implementation of all Monitor recommendations as was set forth in the settlement with the U.S. authorities four years after the settlement date on December 15, 2012.

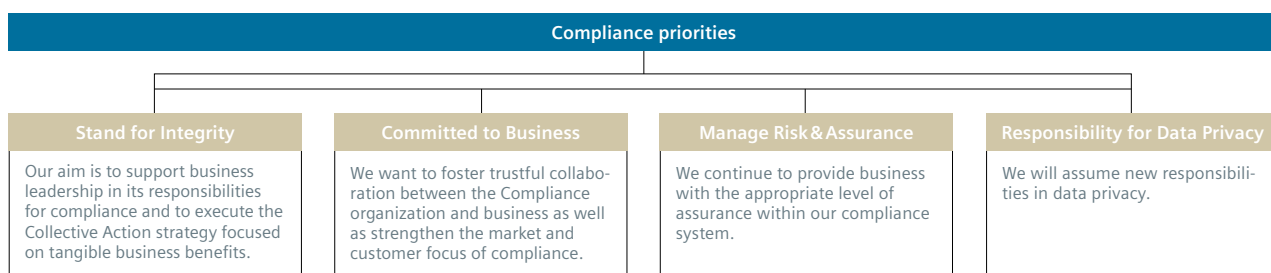
We have a system of four compliance priorities to further develop and improve our compliance system:

- > **Stand for Integrity:** Our aim is to further encourage business management responsibility for compliance and to continue promoting responsible business practices in our markets with Collective Action and the Siemens Integrity Initiative.
- > **Committed to Business:** We want to leverage the Compliance system to support sustainable growth and as a competitive advantage.
- > **Manage Risk & Assurance:** We continue to develop the compliance risk management and to provide reliable assurance for our business entities.
- > **Focus on Efficiency:** We focus on increasing the efficiency of compliance operations and collaboration.

These priorities have guided our activities in fiscal 2013. These included the compliance risk assessment covering all Siemens operating units, the further implementation of the anti-trust compliance program and measures to improve the efficiency of compliance within the Company. Furthermore we have introduced a new type of in-person compliance training focusing on strengthening the responsibility and leadership by example of our managers for Compliance.

Due to the progress made with improving the efficiency of compliance and the decision to allocate the responsibility for Data Privacy to the compliance organization, we have updated the compliance priorities effective from fiscal 2014 as follows:

**Compliance priorities effective FY 2014**



These compliance priorities will guide our activities for fiscal 2014.



## Corporate citizenship

Siemens is committed to providing long-term benefits to the societies in which we operate, through **corporate citizenship activities**. These activities can take a variety of forms ranging from philanthropic disaster relief to more strategic shared value or inclusive business approaches like our mobile clinics in India.

The responsibility for choosing and carrying out charitable activities lies with the local units in each country. This ensures that we provide support where it is needed most. In doing so, we apply high management standards and strategically focus our corporate citizenship activities in areas where our company competencies, resources and employee volunteering can make a meaningful difference:

- > Education and Science: Our goal is to maintain a continuous dialogue with young people and to identify and foster talent from an early age on. We support educational and research activities particularly in natural sciences, engineering and healthcare.
- > Social: Projects in this area aim to bring about a systematic and lasting improvement in people's living conditions. In addition, we provide urgent humanitarian relief, including financial and technical assistance after natural disasters.
- > Environment: We want to make an effective contribution towards protecting the environment, particularly through our core competencies, and raise environmental awareness among younger generations.
- > Arts and Culture: We support Arts and Culture because a society's cultural heritage is a key aspect of its identity.

**The Siemens Stiftung** – The Siemens Stiftung wants to empower people to actively contribute towards solutions to social challenges. It focuses on holistic, non-business-related, transferable projects and models in sub-Saharan Africa, Latin America and Europe (with a particular emphasis on Germany).

Established in 2008 with a capital of €390 million, Siemens Stiftung is a nonprofit foundation under German civil law. It complements Siemens' corporate citizenship activities and cooperates with the other five corporate foundations established by the Company in Argentina, Brazil, Columbia, the United States and France.

## ADDITIONAL INFORMATION – CORPORATE CITIZENSHIP

We demonstrate our social commitment on the basis of figures. That is why we provide information about our donations by category and region.

### | Donations

	Year ended September 30,		
	2013	2012	2011
Total (in millions of €)	27.2	27.1	32.6
Share of net profit (in %)	0.6	0.6	0.5

### | Donations by category (in millions of €)<sup>1</sup>

	Year ended September 30,		
	2013	2012	2011
Education and science	17.1	15.8	18.8
Social <sup>2</sup>	5.7	6.7	8.9
Arts and culture	4.2	4.4	4.5
Environment <sup>3</sup>	0.2	0.2	0.3
<b>Total</b>	<b>27.2</b>	<b>27.1</b>	<b>32.6</b>

<sup>1</sup> Discrepancies in totals are the result of rounding.

<sup>2</sup> Called "Humanitarian and social issues" in FY 2012 and FY 2011.

<sup>3</sup> Called "Environmental protection" in FY 2012 and FY 2011.

### | Donations by region (in millions of €)

	Year ended September 30,		
	2013	2012	2011
Europe, C.I.S., <sup>1</sup> Africa, Middle East	12.6	13.4	19.3
<i>therein Germany</i>	<i>9.7</i>	<i>10.1</i>	<i>15.0</i>
Americas	10.1	8.9	9.6
Asia, Australia	4.5	4.8	3.7
<b>Total</b>	<b>27.2</b>	<b>27.1</b>	<b>32.6</b>

<sup>1</sup> Commonwealth of Independent States.





# Independent assurance report

The assurance engagement performed by Ernst&Young (EY) relates exclusively to the German PDF-version of the chapter "Facts and Figures" of the report "Additional Sustainability information to the Siemens Annual Report 2013." The following text is a translation of the original German Independent Assurance Report.

To Siemens AG, Berlin and Munich

## OUR ENGAGEMENT

We have been engaged to perform a limited assurance engagement on the chapter "Facts and Figures" of the report "Additionally Sustainability information to the Siemens Annual Report 2013" (hereinafter: the report) for the reporting period from 1 October 2012 to 30 September 2013:

The report is published solely as an online version at

[WWW.SIEMENS.COM/AR/SUSTAINABILITY-FIGURES](http://www.siemens.com/ar/sustainability-figures)

## LIMITATIONS OF OUR ENGAGEMENT

Our engagement is exclusively limited to the German PDF-version of the chapter "Facts and Figures" of the report. Our engagement did not include any prospective statements and links to other web pages.

## CRITERIA

We assessed the report against the criteria set out in the Sustainability Reporting Guidelines G3.0 issued by the Global Reporting Initiative (GRI). We believe that these criteria are suitable for our assurance engagement.

## MANAGEMENT'S RESPONSIBILITY

The Managing Board of Siemens AG is responsible for the preparation and the content of the report in compliance with the above-mentioned criteria. This responsibility includes the design, implementation and maintenance of internal controls for the preparation of a report that is free from material misstatements, in accordance with the above mentioned criteria and based on suitable methods for gathering source data including judgments and estimates of the individual sustainability data.

## OUR RESPONSIBILITY

Our responsibility is to issue an assurance report on the chapter "Facts and Figures" of the report based on our work performed.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with our professional duties and plan and perform the assurance engagement to obtain a limited level of assurance to preclude that the chapter "Facts and Figures" of the report is not in

accordance, in material respects, with the aforementioned reporting principles and criteria. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement.

During the engagement, we observed the independence requirements of the IFAC Code of Ethics for Professional Accountants.

## KEY PROCEDURES

The performance of our engagement mainly involved the following work:

- > Inquiries of employees concerning the sustainability strategy, sustainability principles and sustainability management including the stakeholder dialog of Siemens AG.
- > Inquiries of employees responsible in the central corporate sustainability department for the preparation of the additional sustainability Information to the Siemens Annual Report in order to assess the sustainability reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for a review of the chapter "Facts and Figures".
- > Inquiries of employees responsible in the corporate departments for the topics research and development, supply chain management, production, quality management, distribution and customer relations, environmental portfolio, environmental protection, employees, occupational health and safety management, compliance, and corporate citizenship to assess the data capture and compilation methods as well as internal controls to the extent relevant for the review of the chapter "Facts and Figures".
- > Inspection of the relevant documentation of the systems and processes for compiling, analyzing, and aggregating sustainability data in the reporting period and testing such documentation on a sample of basis.
- > Analytical measures at Group level, on the level of sectors and divisions regarding the quality of the reported data.
- > Inquiries and inspection of documents on a sample basis relating to the collection and reporting of the sustainability data from the topics environmental protection and occupational safety during site visits
  - at the Energy locations in Duisburg and Lincoln (UK),
  - at the Healthcare location in Glasgow (USA),
  - at the Industry locations in Chemnitz, Mohelnice (Czech Republic) and Nashik (India),
  - at the Infrastructure & Cities location in Regensburg,
  - as well as at sector-level for sectors Energy and Industry,
- > Inquiries and inspection of documents on a sample basis relating to the compliance process during the site visit at the Energy division Oil & Gas,

- > Inquiries and inspection of documents on a sample basis relating qualitative statements with regard to the topic occupational safety during a site visit of the Regional Company in India.
- > Inquiries of employees from selected departments at the Group's headquarters, corporate departments, sectors and divisions and at the sites visited on material qualitative statements in the chapter "Facts and Figures" of the report as well as the inspection of selected underlying documents.
- > Review of material qualitative statements in the chapter "Facts and Figures" for plausibility and consistency.

#### **OUR CONCLUSION**

Based on our procedures performed to obtain a limited level of assurance, nothing has come to our attention that causes us to believe that the information in the chapter "Facts and Figures" of the report "Additional Sustainability Information to the Siemens Annual Report 2013" has not been prepared, in all material respects, with the aforementioned criteria.

Munich, January 22, 2014

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Michelle Barney

Nicole Richter  
Wirtschaftsprüferin  
(German Public Auditor)

# United Nations Global Compact

Siemens has been a participant in the UN Global Compact since 2003 and is expressly committed to upholding the Compact's ten principles. This document, and in particular the following report index, describes the progress we have made during the year – broken down according to the systems and measures we have implemented and our achievements.

## Index according to the ten principles of the Global Compact

Principle	Systems	Measures	Achievements
<b>Principle 1</b> Support of human rights	<p>With the Siemens Business Conduct Guidelines we have committed ourselves to observing human rights and the core labor standards. With our Code of Conduct for Siemens Suppliers we ensure that these basic rights and principles are also observed in our supply chain.</p> <p>→ <b>SUPPLY CHAIN MANAGEMENT, PAGE 12</b></p> <p>→ <b>EMPLOYEES, PAGE 24</b></p> <p>→ <b>COMPLIANCE, PAGE 30</b></p>	<p>We operate a modular, risk-based system to check that all our suppliers are adhering to our Code of Conduct for Siemens Suppliers. It consists of the following components:</p> <ul style="list-style-type: none"> <li>&gt; sustainability self-assessments by suppliers,</li> <li>&gt; risk evaluation conducted by our purchasing department,</li> <li>&gt; supplier quality audits with integrated sustainability questions,</li> <li>&gt; external sustainability audits.</li> </ul> <p>→ <b>SUPPLY CHAIN MANAGEMENT, PAGE 12</b></p>	<p>In the year under review, the number of sustainability self-assessments added up to 3,116. We conducted 661 supplier quality audits with integrated sustainability questions and 321 external sustainability audits. In the external sustainability audits, we identified a total of 5,915 potential improvements: 33% (1,976) involved improvements in the area of "respect of basic employee rights," and 3% (153) in the area of "prohibition of child labor." 162 follow-up audits were conducted on site to verify the agreed measures for improvement. The main objections related to poor aspects of policies and processes, especially in regard to child labor.</p> <p>→ <b>SUPPLY CHAIN MANAGEMENT, PAGE 12</b></p>
<b>Principle 2</b> Exclusion of human rights abuses			
<b>Principle 3</b> Assurance of freedom of association			
<b>Principle 4</b> Elimination of all forms of forced labor			
<b>Principle 5</b> Abolition of child labor			
<b>Principle 6</b> Elimination of discrimination	<p>We do not tolerate discrimination and have anchored that in the Siemens Business Conduct Guidelines. We actively foster diversity within the Company through the Siemens Diversity Initiative.</p> <p>→ <b>EMPLOYEES, PAGE 24</b></p>	<p>Our various global diversity networks promote and discuss diversity topics across the Company. These groups and programs include the Global Leadership Organization of Women (GLOW), Diversity Ambassador and GENE, our generations network to foster cross-generation exchange. In addition, we have over 120 local employee networks worldwide with employees actively engaged in diversity-related programs and activities. The success of all measures is assessed annually in the diversity scorecard.</p> <p>→ <b>EMPLOYEES, PAGE 24</b></p>	<p>In the year under review, women accounted for 24% of our total workforce. The proportion of female employees in management positions at Siemens has risen continuously in recent years and is now 15.6%.</p> <p>→ <b>EMPLOYEES, PAGE 24</b></p>
<b>Principle 7</b> Precautionary approach to environmental protection	<p>We have embedded our responsibility for environmental protection in our in-house environmental standard. On top of that, all our locations have an environmental management system; 284 of them have been certified according to ISO 14001.</p> <p>→ <b>ENVIRONMENTAL PROTECTION, PAGE 20</b></p>	<p>We took extensive action in this field by continuing our "Serve the Environment" program and our Energy Efficiency Program (EEP). As far as product-related environmental protection is concerned, the program "Product-Eco Excellence" enables us to define environmental requirements throughout the product lifecycle.</p> <p>→ <b>ENVIRONMENTAL PROTECTION, PAGE 20</b></p>	<p>Our increases in efficiency relative to fiscal 2010 were as follows in the year under review: Energy efficiency 4%, waste efficiency 4%, waste for disposal reduction 7% and CO<sub>2</sub> emission efficiency 13%.</p> <p>→ <b>ENVIRONMENTAL PROTECTION, PAGE 20</b></p>

| **Index according to the ten principles of the Global Compact**

Principle	Systems	Measures	Achievements
<b>Principle 8</b> Specific initiatives to promote environmental protection	Raising our employees' awareness of environmental and climate protection is an element of both our environmental strategy and our social commitment. With internal communications measures and our corporate citizenship focus on "environmental," we help create a greater sense of responsibility for ecological issues.  → ENVIRONMENTAL PROTECTION, PAGE 20 → CORPORATE CITIZENSHIP, PAGE 32	Siemens maintains a global environmental communications network to ensure that knowledge about environmental management, methods, solutions and experiences is communicated across locations, Sectors and national borders. For instance, Division environmental officers meet several times a year. At an international level, we maintain communication at annual meetings of the Regions.  → ENVIRONMENTAL PROTECTION, PAGE 20	In the year under review, we donated around €27.2 million for corporate citizenship activities, of which €17.1 million went to education and science and €0.2 million to environmental activities.  → CORPORATE CITIZENSHIP, PAGE 32
<b>Principle 9</b> Development and diffusion of environmentally friendly technologies	As part of our Environmental Portfolio, we develop and market products, solutions and services that enable our customers to reduce their CO <sub>2</sub> emissions, lower lifecycle costs and protect the environment.  → ENVIRONMENTAL PORTFOLIO, PAGE 17	In the year under review, we added numerous elements to the Siemens Environmental Portfolio.  → ENVIRONMENTAL PORTFOLIO, PAGE 17	The Environmental Portfolio elements that were installed for our customers from 2002 to 2013 helped them cut their CO <sub>2</sub> emissions by 377 million tons in the year under review.  → ENVIRONMENTAL PORTFOLIO, PAGE 17
<b>Principle 10</b> Measures against corruption	The Siemens Business Conduct Guidelines provide the ethical and legal framework within which we conduct our business activities. Our compliance system aims to ensure that all our worldwide business practices remain within this framework as well as in compliance with applicable laws. To serve this purpose, our compliance system includes three pillars: prevent, detect and respond.  → COMPLIANCE, PAGE 30	We have a system of four compliance priorities to further develop and improve our compliance system. These priorities have guided our activities in fiscal 2013. These included the compliance risk assessment covering all Siemens operating units, the further implementation of the anti-trust compliance program and measures to improve the efficiency of compliance within the Company. Furthermore we have introduced a new type of in-person compliance training focusing on strengthening the responsibility and leadership by example of our managers for Compliance.  On June 27, 2013, Siemens started the second funding round; it is intended to fund up to 25 projects with a total funding volume of up to US\$30.0 million.  → COMPLIANCE, PAGE 30	On October 12, 2012, the Company received the Year Four Report from the Compliance Monitor, whom Siemens had engaged as part of the settlement reached with the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ) in December 2008. The Monitorship has ended after the full implementation of all Monitor recommendations as was set forth in the settlement with the U.S. authorities four years after the settlement date on December 15, 2012.  On June 27, 2013, Siemens started the second funding round; it is intended to fund up to 25 projects with a total funding volume of up to US\$30.0 million.  → COMPLIANCE, PAGE 30

## Progress report

Siemens became a signatory to the United Nations CEO Water Mandate in 2008. Our continuing support for the CEO Water Mandate reflects our commitment on two fronts: Firstly, managing water efficiently in our own facilities. Secondly, providing solutions that help our customers handle water and waste water more economically.

### 1. OUR OWN ACTIVITIES

For more information about the resource conservation and water consumption goals at Siemens locations, see section Environmental Protection on → PAGE 20. We are pursuing a new approach to water resources management that was developed in 2012. At locations where there are increased water-related risks – for example, as a result of aridity, high wastewater loads, or poorly developed technical infrastructures – we define goals that are matched to local circumstances. This enables us to effectively reduce risks and negative impacts on the environment.

Our Business Units offer solutions for drive technologies, energy distribution and automation for water and wastewater treatment plants and water transport. Furthermore they provide solutions for intelligent monitoring and control of water networks.

### 2. OUR SUPPLIERS

The environmental requirements that our suppliers must fulfill are defined in our Code of Conduct for Siemens Suppliers. The responsible use of water forms an integral part of this code. For more information on these requirements and on supply chain management, see → PAGE 12.

### 3. COMMUNITY ENGAGEMENT

As a member of various international organizations, we're involved in numerous initiatives and programs, including the Water Project of the World Business Council for Sustainable Development. In addition, the Siemens Stiftung supports the SkyJuice Foundation, a humanitarian aid organization incorporated in Australia. SkyJuice supplies Sky Hydrants™ to people living in remote regions. We have compiled further information for you on the following website pages:

[WWW.SIEMENS.COM/AR/SAFE-WATER-KIOSK](http://WWW.SIEMENS.COM/AR/SAFE-WATER-KIOSK)

[WWW.SIEMENS.COM/AR/WATER-TREATMENT](http://WWW.SIEMENS.COM/AR/WATER-TREATMENT)

More information is also available on the SkyJuice Foundation website:

[WWW.SKYJUICE.COM.AU/SKYHYDRANT.HTM](http://WWW.SKYJUICE.COM.AU/SKYHYDRANT.HTM)

We support a variety of water-related projects through our corporate citizenship activities. Examples include the provision of water treatment systems to help the victims of natural disasters like the tsunami in Japan and the floods in Pakistan. Similarly, we have supplied water pumps, dams, water collection reservoirs and filtration systems that provide sustainable irrigation and clean water as part of the Asha project. The overall goal of project Asha is to enhance living conditions through integrated rural development and sustainable, replicable technology in the 350 inhabitant village of Amle near the city of Mumbai. Read more about our activities on our website at:

[WWW.SIEMENS.COM/AR/CORPORATE-CITIZENSHIP-REFERENCES](http://WWW.SIEMENS.COM/AR/CORPORATE-CITIZENSHIP-REFERENCES)

[WWW.SIEMENS.COM/AR/ASHA](http://WWW.SIEMENS.COM/AR/ASHA)

### 4. TRANSPARENCY

You will find GRI confirmation for the Siemens Annual Report 2013 on the next page and the corresponding index in full on our website at:

[WWW.SIEMENS.COM/AR/GRI](http://WWW.SIEMENS.COM/AR/GRI)



## Statement GRI Application Level Check

GRI hereby states that **SIEMENS AG** has presented its report "Annual Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 8 January 2014

A handwritten signature in black ink, appearing to read "Nelmara Arbex".

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because **SIEMENS AG** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.*  
[www.globalreporting.org](http://www.globalreporting.org)

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 18 December 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

The detailed GRI Index is available at our Sustainability website at:

[WWW.SIEMENS.COM/AR/GRI](http://WWW.SIEMENS.COM/AR/GRI)

# Notes and forward-looking statements

There is no standard system that applies across companies for qualifying products and solutions for environmental and climate protection, or for compiling and calculating the respective revenues and the quantity of reduced carbon dioxide emissions attributable to such products and solutions. Accordingly, revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions may not be comparable with similar information reported by other companies. Revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions are derived from various internal reporting systems that are generally different from those applicable to the financial information presented in our Consolidated Financial Statements and are, in particular, subject to less sophisticated internal documentation as well as preparation and review requirements, including the IT systems in use and the general internal control environment. We may change our policies for recognizing revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions in the future without previous notice.

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as "expects," "looks forward to," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens' management, and are, therefore, subject to certain risks and uncertainties.

A variety of factors, many of which are beyond Siemens' control, affect Siemens' operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Key information – Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter "Risks" of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter "Report on risks and opportunities" of our most recent interim report.

Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and on the SEC's website, [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.



# Information resources

## Further information on the contents of this Annual Report is available from:

Address Siemens AG  
Wittelsbacherplatz 2  
80333 Munich  
Germany

Phone +49 89 636-33443 (Media Relations)  
+49 89 636-32474 (Investor Relations)

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E-mail [press@siemens.com](mailto:press@siemens.com)  
[investorrelations@siemens.com](mailto:investorrelations@siemens.com)  
[sustainability@siemens.com](mailto:sustainability@siemens.com)

## Project management and contact for content-related questions Corporate Sustainability Office

Stefan Reicherz

## Project coordination Communications and Government Affairs

Dr. Johannes von Karczewski  
Annette Häfelinger

## Additional information

The Siemens Annual Report for 2013 is available online at:

[WWW.SIEMENS.COM/ANNUAL-REPORT](http://WWW.SIEMENS.COM/ANNUAL-REPORT)

## Combined reporting

The Siemens Annual Report combines our previously separate Annual and Sustainability Reports to provide an integrated overview of our Company's key topics. Further information on Siemens' commitment to sustainability and additional information are available at:

[WWW.SIEMENS.COM/SUSTAINABILITY](http://WWW.SIEMENS.COM/SUSTAINABILITY)

In addition to an Annual Report at the end of each fiscal year, Siemens publishes quarterly consolidated financial statements in the form of press releases. Conference calls and press conferences supplement these reports, giving journalists and analysts further opportunities to review developments in our businesses. Financial reporting for the first three quarters is complemented by extensive interim reports. These reports are submitted to Deutsche Börse and the U.S. Securities and Exchange Commission (SEC), among other organizations. Siemens also provides the SEC with the Annual Report on Form 20-F. All these financial reports are available at:

[WWW.SIEMENS.COM/FINANCIAL-REPORTS](http://WWW.SIEMENS.COM/FINANCIAL-REPORTS)

Information on research, development and innovation at Siemens is available at:

[WWW.SIEMENS.COM/INNOVATION](http://WWW.SIEMENS.COM/INNOVATION)

The Siemens publication *Pictures of the Future: The Magazine for Research and Innovation* is available at:

[WWW.SIEMENS.COM/POF](http://WWW.SIEMENS.COM/POF)

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For 166 years, Siemens has stood for innovative strength, a passion for technology, sustainability, responsibility and an uncompromising commitment to quality and excellence. As a globally operating technology company, we're rigorously leveraging the advantages that our setup provides. To tap business opportunities in both new and established markets, we've organized our Company into four Sectors:

Energy, Healthcare, Industry and Infrastructure & Cities. In fiscal 2013, our roughly 362,000 employees generated revenue from continuing operations of about €75.9 billion and income from continuing operations of about €4.2 billion – further proof that we're thinking for the long term and providing answers for the challenges of our time.