

I Foreword

Dear Shareholders,

Dear Readers,

2020 was a memorable year and the beginning of a decade whose changes are yet to be seen. The global COVID-19 pandemic is the biggest health, social, and economic crisis in peacetime since World War II and has fundamentally changed our lives.

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The crisis has been merciless in laying bare the vulnerabilities and deficits of our social, ecological, and economic system. It has shown us that at no point should the central pillars of sustainability be taken for granted – that they require our ongoing commitment. Beyond good health and well-being – one of the United Nations’ Sustainable Development Goals (SDG) to which our commitment has been especially important this year – we must also make good on the other 16 SDGs. The crisis has reaffirmed the importance of working together resolutely and in solidarity to face these challenges.

At Siemens, we are serious about our responsibility to our employees, our partners, and to society. Our employees’ health and safety are a top priority. This is especially true in the face of the COVID-19 pandemic. We immediately implemented far-reaching protec-

tive measures at our locations and recalled employees around the world, and we transitioned to remote work for the long term to keep our people safe. We also supplied our employees with the appropriate protective gear and made it possible in no time for 220,000 Siemens AG and Siemens Energy employees to work remotely.

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In these difficult times, we don’t merely talk about solidarity; we embody it tangibly and without red tape. Our employees have been shining examples of this. One of our many initiatives is the coronavirus aid fund, which is run by Siemens Caring Hands e. V. and financed by employee donations in addition to supplemental funding from the company. We at Siemens have provided more than €15 million in funding for specific COVID-19 aid projects worldwide.

We can also help with our technologies and innovations, whose purpose and benefit to society are often felt directly amid the crisis. One example comes from Siemens Healthineers, which developed a top-quality rapid test for COVID-19. And Digital Industries is helping manufacturers of PPE and medical equipment to

adapt their means of production. Meanwhile, we have opened up our 3D-printing network to assist the production of urgently needed medical replacement parts.

The task before us is to overcome the pandemic in its entirety without losing sight of the future. After all, there will be a time after COVID-19, and we're convinced that every crisis also comes with great opportunities. Despite all the negative consequences of the pandemic, we also have a great opportunity and the responsibility to shape a better world – a sustainable and multilateral world founded on the principles of an environmentally and socially conscious market economy. As a global technology company, Siemens will continue to actively contribute. That was and is our aspiration and is in line with our long-term, strategic objectives, which we vigorously continue to pursue – even under the changed circumstances.

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The spin-off of Siemens Energy this year marked a crucial step in our Vision 2020+ strategy. A new publicly traded company, Siemens Energy operates worldwide along the entire energy value chain, which includes the service business. And it is currently developing a concept for how the phase-out of coal-fired power plants can be carried out consequently and responsibly.

Specialized in the fields of industry, infrastructure, and transportation, the new Siemens AG now plans to concentrate even more on areas that form the backbone of our economies and that play a key role in reshaping global value chains. From highly agile

and productive factories and smart and efficient buildings, to new solutions for sustainable mobility, we will make use of new developments and innovative products to help our customers and society to shape the big changes of our times to their advantage.

The three companies – Siemens AG, Siemens Energy, and Siemens Healthineers – will continue to share the values for which the Siemens brand stands, including sustainability in all its dimensions. Protecting the environment, creating value for society, responsible business practices, and relentless pursuit of innovation and competitiveness will continue to be at the heart of our business activities.

We go well beyond what is required by law today to protect the environment and reduce our ecological impact. And we do more than is sometimes recognized by the public. Even if we don't do everything right – such as with our mobility project in Australia – we achieve a great deal of good. Measurable good. This year we achieved the ambitious goal we set for ourselves in 2015 of slashing our worldwide CO₂ emissions by half in comparison to 2014 emissions. This is an important milestone on our path to climate neutrality by 2030, which we continue to work hard to achieve. We have also anchored responsibility for sustainable action in our compensation system for the Managing Board and senior management.

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As part of our sustainability strategy, we also review all projects according to applicable ESG standards. Accordingly, we are introducing an ESG due-diligence tool to identify and mitigate environmental and social risks as well as associated risks that jeopardize human rights or our reputation. Both the management of our respective businesses and our sustainability committee can use this information to identify, evaluate, and respond to projects – such as the controversial delivery of safety systems to Adani’s Carmichael project – early on and before decisive and irreversible commitments are made. Here, too, we have learned. Furthermore, the Siemens Sustainability Board (SSB) acts as a consultative committee for business activities and planned strategic business projects that entail high environmental and social risks as well as associated human rights and reputational risks. In case of doubt, it can escalate a given issue to Siemens AG’s Managing Board.

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Whereas the past decade was marked by the rise and spread of the “Internet of People,” the coming decade will be all about the “Internet of Things.” We use our digital portfolio to help our customers shift to more efficient, less resource-intensive production practices and use environmentally friendly materials.

Still, this change can only succeed if we can count on the security of our data and systems. We recognized early on that not only the free flow of data, but above all its security, is an integral part of the digital revolution. Only by mitigating cyber risks will our world be able to take advantage of the countless opportunities offered by digital technologies. As one of the first companies in the world to do so, we developed a holistic approach to cybersecurity. Through it, we

not only develop products, solutions, and services for our customers, but also protect our employees and infrastructure, as well as our IT and plant technologies, against external risks and cyberattacks.

There’s another area where we take this approach of viewing problems and risks holistically: compliance. Compliance means much more to us than simply adhering to laws and internal rules. Compliance forms the basis for all our decisions and activities, and it is the key to business integrity. We continue to develop our compliance system so that we can keep up with rapid changes in business and technology. Optimizing internal compliance processes, honing our focus on risk, and modernizing the compliance-tool landscape are just some of the measures we set in motion this fiscal year. As part of our push for Collective Action, we are establishing alliances with numerous organizations to fight corruption and promote fair competition worldwide. The Siemens Integrity Initiative focuses on supporting projects with a significant business connection; by the end of fiscal 2020, it had provided about U.S.\$98.5 million in funding for 77 projects worldwide.

“Beyond that, we stand behind the Ten Principles of the Global Compact as well as the United Nations Guiding Principles on Business and Human Rights.”

For years, Siemens’ far-reaching activities in the area of sustainability have been widely recognized around the world. S&P Dow Jones included Siemens in the DJSI World Index for the 21st time in a row, affirming our reputation as one of the most sustainable companies in the industry. The Carbon Disclosure Project also recognized our achievements in the fight against climate change, giving Siemens an A- rating. We are proud of two further distinctions: The Financial Times

Stock Exchange once again included Siemens in its FTSE4Good Index Series for ethical investment, while the MSCI World ESG Index gave us a score of AAA for the fifth year in a row. These recognitions give us all the more reason to continue our good work and to improve upon it.

We know worldwide sustainable development can't be achieved alone. Our partnerships with international players, business associations, think tanks, non-profit organizations, and academic institutions make us better able to cope with current and future challenges.

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As part of global alliances – such as the UN Global Compact, the World Economic Forum, econsense, and Transparency International, as well as through cooperation with numerous universities – we develop principles and solutions that serve as a framework for the work we do across our company. One example is the Charter of Trust initiated by Siemens in 2018. Through the Charter, we have joined forces with lead-

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ing companies from all over the world to make the digital world safer and more secure. Beyond that, we stand behind the Ten Principles of the Global Compact as well as the United Nations Guiding Principles on Business and Human Rights.

For 173 years Siemens has been driven by one idea: to improve the lives of people all over the world through our technologies. We see it as our job to solve problems and overcome challenges through our innovations and actions, and thereby contribute to a livable and sustainable future. That is what spurs our 293,000 colleagues around the world on each and every day. We're confident this will continue well into the future.



Joe Kaeser



Dr. Roland Busch