



Sustainability Report 2008

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SIEMENS

Key figures at a glance

Business	FY 2006	FY 2007	FY 2008	
New orders ⁽¹⁾ (in millions of euros)	74,944	83,916	93,495	↑
Revenue ⁽¹⁾ (in millions of euros)	66,487	72,448	77,327	↑
Profit ⁽¹⁾ (in millions of euros)	2,642	3,909	1,859	↓
Investments in research and development (in millions of euros)	3,091	3,399	3,784	↑
Compliance employees worldwide	86 ⁽²⁾	170	621 ⁽³⁾	↑
Total participants in online and face-to-face training courses (in thousands)	–	32	175	↑

Environment

Revenue from Siemens Environmental Portfolio (in billions of euros)	14.7	16.9	18.9	↑
Percentage of total revenue generated by Siemens Environmental Portfolio	–	23.3	24.4	↑
Additional annual CO ₂ abatement at customers via products and solutions from Siemens Environmental Portfolio (in millions of tons)	24.2	30.1	33.7	↑
Improvement in resource efficiency: Primary energy and district heating (in percent)	Base year	16.0	21.0	↑
Improvement in resource efficiency: Electrical energy (in percent)	Base year	1.0	7.0	↑
Improvement in resource efficiency: CO ₂ emissions, energy (in percent)	Base year	5.0	10.0	↑

Employees and society

Employees ⁽⁴⁾ (in thousands)	371	398	427	↑
Women employees (as percentage of total workforce)	27	26	26	→
Women in management (as percentage of total managerial workforce)	12.2	13.5	13.4	↓
Expenditures for training and continuing education ⁽⁵⁾ (in millions of euros)	463	376	460	↑
Donations (in millions of euros)	40.7	34.3	30.2 ⁽⁶⁾	↓

(1) Continuing operations

(2) Compliance only a part of employee responsibilities

(3) Including employees in projects for introducing compliance programs

(4) Continuing operations; excluding temporary student employees and employees in training programs

(5) The substantial increase in expenditures for training and continuing education between fiscal 2007 and fiscal 2008 is attributable to a higher demand for educational measures due to the larger number of apprentices and new hires in the reporting period.

(6) Donations decreased slightly in fiscal 2008. However, during the reporting period, we set up the Siemens Stiftung and provided it with an endowment of €390 million. In the same period, we also supported the Siemens Foundation in the U.S. with a capital contribution of €33 million.

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Ladies and gentlemen,

Responsible, excellent and innovative – this is how we see ourselves, and this is how we want to be seen. These values are the governing principles that guide all our actions, and sustainable, profitable growth is the basis. Particularly at a time of economic crisis, both are essential – because we want to continue to be a trustworthy and reliable partner for our customers, shareholders and the societies in which we work and live.

Sustainability as we understand it is closely linked to our values. In all its complexity, it is our contribution to a more equitable world economy and the provision of energy-efficient, durable products and solutions for our customers. It is also the expression of a responsible employee culture and a sign of uncompromising compliance with laws and regulations.

Against the backdrop of the current economic and financial crisis and the problems posed by climate change, even more is expected of our company's product portfolio, production processes and purchasing policies. Siemens is well prepared for the challenges the world is facing. We identified long-term trends early on and realigned our company accordingly. This has enabled us to make the changes we need in order to operate even faster and more flexibly in attractive markets and generate strong and profitable growth.

Profitable and long-term growth is our goal, and responsible action the means to achieve it. Our responsibility in this regard has many sides. For example, it includes environmental protection and product stewardship as well as responsible employee management and a diversity-oriented employee culture, occupational health and safety, the requirement that all our suppliers comply with our own high standards, and our corporate citizenship activities.

Our commitment to the United Nations Global Compact

Formulated in 2000, the United Nations' eight Millennium Development Goals set priorities. Based on the vision of a sustainable and more equitable world economy, they aim to noticeably improve living conditions worldwide by 2015. Poverty reduction, peacekeeping and environmental protection have been defined as the international community's top priorities. We are aware that the goals cannot be achieved by governments and international organizations alone. Active support is also required from the business world. With their innovation and investment capabilities, businesses bear a large share of the responsibility for sustainable development worldwide.

This applies particularly to our company, which supplies key future-oriented technologies and has considerable influence because of its size and global presence. As a result, we take our responsibility to sustainability seriously. We have made this responsibility a central pillar of our corporate strategy. It is implemented in our Fit42010 program and has a clear goal: to be the global leader in transparency and compliance. This is what we aspire to and this is the guiding principle of this report.

Since 2003, our commitment has also been reflected in our membership in the United Nations Global Compact. Active in around 190 countries, we have adopted the Global Compact's ten principles and will continue to lend them our full support. Our commitment is also reflected in our Business Conduct Guidelines, which are designed to establish ethically irreproachable business practices as the prerequisite for sustainable company success and anchor the behavior of all our managers and employees in ethical norms. This Report describes our progress toward implementing the Global Compact's principles, and future reports will adopt this approach as well.

Opportunities from sustainable business

In the future, we intend to focus even more intensely on the opportunities provided by sustainable business. That's one reason why Siemens – an integrated technology company – is making above-average investments in research and development with the aim of achieving new growth targets. One prime example here is our Environmental Portfolio. The company is already a world leader with its offerings. This portfolio showcases how Siemens, with its expertise in green solutions, is fulfilling its commitment to sustainable development. We're pleased to have engaged Barbara Kux for this vital topic. She is responsible for Supply Chain Management on the Managing Board and, in her role as Chief Sustainability Officer, is in charge of marketing for the cross-Sector Environmental Portfolio. For us, sustainability and supply chain management are closely related. Only if our processes along the entire value chain are responsible and profitable can we operate on a long-term and sustainable basis.

Peter Löscher, President and CEO of Siemens AG
Barbara Kux, Chief Sustainability Officer, member of the
Managing Board of Siemens AG



“ In the future, we intend to focus even more intensely on the opportunities provided by sustainable business.”

Our newly created Sustainability Board, staffed by high-ranking representatives from across the company, will promote an understanding of sustainability and its practical application. This Board will more effectively leverage the opportunities provided by sustainable business at all levels of the company. For these reasons, we are calling this annual publication the Sustainability Report.

Our achievements to date

We made major progress last year in the areas of compliance, supplier responsibility and occupational health and safety. We established systems, implemented them globally and continued to optimize them. One such system was a comprehensive compliance program, which includes intensive training measures. We also continued to rigorously clarify past compliance violations. Our full cooperation with the investigating authorities, our uncompromising response to all cases of misconduct and our comprehensive Compliance Program were one of the reasons that the legal proceedings against Siemens in Germany and the U.S. were simultaneously terminated.

Our responsibility is not limited to our company; it also extends beyond the factory gates. Therefore, responsibility and sustainability are also criteria for the selection of suitable suppliers. Following the worldwide rollout in fiscal 2008 of the Code of Conduct for Siemens Suppliers, 84 suppliers were asked for the first time to complete a corporate responsibility self-assessment. The object was to find out more about our suppliers' activities and the management systems they use to ensure sustainability. This is the only way to identify possible risks in the supply chain at an early stage. Further information about the results of the assessment is available in this Report.

In fiscal 2008, we also introduced an international occupational health and safety reporting system in order to centrally track and evaluate, on a monthly basis, key performance indicators for all our locations and construction sites as well as for our contractors.

“ We fully support
the principles
of the Global Compact.”

Integrity, CO₂ reduction and diversity

The basis for all our activities is the conviction that integrity is the prerequisite for long-term, sustainable company success. A common understanding of integrity can only be reached by discussing the values and expectations of all parties concerned. For this reason, last fiscal year, Siemens held intensive discussions on integrity with top management and internal and external groups and defined the factors that will determine our future success.

The Siemens Environmental Portfolio is only one part – although a very important one – of our climate protection commitment, which we intend to apply to our entire value chain. This commitment includes an integrated concept for CO₂ reduction that involves our suppliers, our customers and our own production processes. Rigorous supply chain management will help us achieve this goal. Our production sites worldwide aim to

reduce CO₂ emissions by 20 percent by 2011 – compared to the level in 2006, normalized for revenue growth. Here, we can also put to use the energy-efficient products and solutions that our research departments have developed for our customers.

Only if we make diversity a key component of our corporate culture will we succeed in recruiting the best employees for the development of future-oriented products and solutions and in widening our innovation basis through the inclusion of multifaceted capabilities, approaches and cultural backgrounds.

Identifying our top talents early on, providing them with attractive development possibilities at all levels of the company and entrusting them with key functions within the company – this is also a prerequisite for sustainable company success.

Transparency, openness and trust

Looking back over the activities of the past fiscal year, we can be proud of what we have achieved. But we have still not reached our goals. Our plans and objectives must also be reflected in improvements in performance. By presenting our sustainability activities in accordance with management objectives, key figures and goals, we want to make our performance clear and measurable internally and externally and enable all our readers to see which targets have been reached, which have even been exceeded and which are still to be achieved. This open reporting is an important means of reaching the transparency goal defined as part of our Fit₄2010 program. We are convinced that open communications and fair dealings with our stakeholders – employees, customers, non-governmental organizations, associations, scientists and political leaders – are the main prerequisite for integrity. Open dialogue is also an important basis for the development of products and solutions that are not only useful for society but also establish long-term trust in our company. This is particularly important at a time of economic and financial crisis.

Today, as a result of our company's rigorous reorientation over the past two years, we are now better equipped to tackle the challenges facing us. This does not mean thinking and acting on a short-term basis. On the contrary, we will remain true to our strategy of long-term decision-making and our focus on energy-efficient innovations and solutions. We are confident that, in this way, we will be able to profit from impending stimulus programs in important markets – as a world-leader for green products and solutions and a company that acts responsibly and in accordance with the principle of sustainability.

Accompany us on our journey into the future – with your ideas and your criticism.

Munich, June 2009



Peter Löscher
President and CEO
Siemens AG

Profile

For more than 160 years, the name Siemens has been synonymous internationally with technical excellence, innovation, quality and reliability. With operations spanning 190 countries, we support our customers by supplying innovative technology and comprehensive expertise that help safeguard their ability to compete effectively. We're an integrated technology company operating in three areas, Industry, Energy and Healthcare, each of which represents a key challenge facing the world today. Our business activities and our reporting reflect this focus.

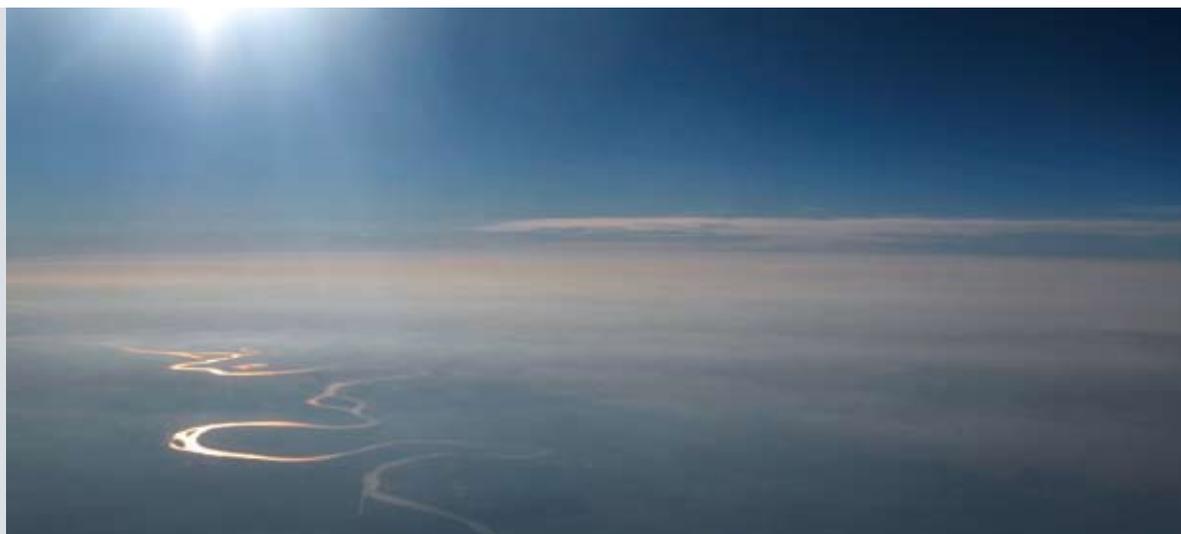
- We have bundled our operations into the three Sectors Industry, Energy and Healthcare. With a workforce of 427,000 worldwide, we generated €77.327 billion in revenue and €1.859 billion in income from continuing operations in fiscal 2008.
- Our value add and our business success form the basis for the welfare of countless people all over the world. This means that we contribute significantly to sustainable development – both in our company and in the countries and communities in which we operate – by responsibly managing our entire value chain, from raw materials procurement to sales.
- Besides successfully meeting the challenges we face on a daily basis as an integrated technology company, we also have to live up to the expectations of our stakeholder base. Their interest centers first and foremost on the transparency with which we act and operate as a business.

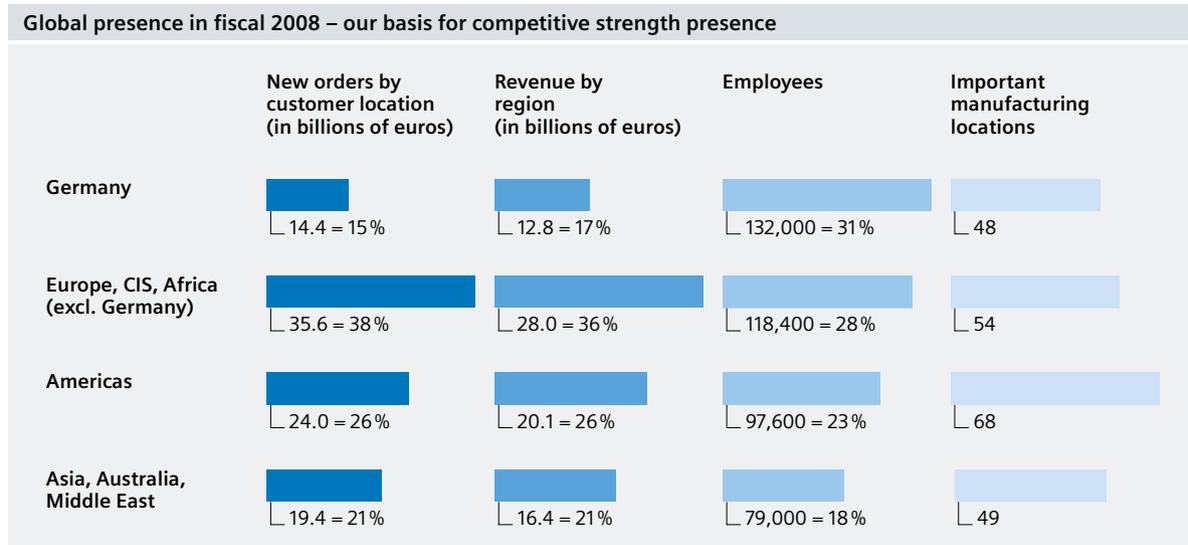
Activities

Siemens is in a strong position to meet tomorrow's business challenges. By concentrating our activities in the three Sectors Industry, Energy and Healthcare, we have a setup that enables us to profit from four key megatrends – demographic change, urbanization, climate change and globalization. And with the Siemens Environmental Portfolio, we have an exceptionally broad spectrum of products and solutions for environmental and climate protection that's unmatched worldwide.

Headquartered in Berlin and Munich, Germany, Siemens currently has a global workforce of 427,000 employees (based on continuing operations), compared to 398,000 in fiscal 2007. In fiscal 2008 (from October 1, 2007, to September 30, 2008), we reported total revenue of €77.327 billion (2007: €72.448 billion) and net income from continuing operations of €1.859 billion (2007: €3.909 billion).

Besides our three Sectors, our Cross-Sector Businesses and Cross-Sector Services, we also have a number of Equity Investments. In fiscal 2008, these included, among others, BSH Bosch und Siemens Hausgeräte GmbH (50 percent), Areva NP GmbH (34 percent), and Voith Siemens Hydro Power Generation GmbH & Co. KG (35 percent). Ninety-five percent of Siemens shares are held independently, while around five percent are owned by the Siemens family.





Changes in the reporting period

Our primary focus in fiscal 2008 was on further aligning our portfolio with our three-Sector setup. The sale of Siemens VDO Automotive (SV) to Continental AG was a logical step in this direction. In addition, our Industry Automation Division made a profit on the sale of its wireless modules business, and the divestment of OSRAM's global tungsten business generated a profit as well. We also found solutions for our remaining communications businesses, Siemens Enterprise Communications (SEN) and Siemens Home and Office Communication Devices GmbH & Co. KG (SHC), in the Gores Group and in ARQUES Industries AG, respectively. Both have agreed to invest in research and development and in the units' locations in Germany. In accordance with our portfolio strategy, we also decided to sell our 50-percent stake in the Fujitsu Siemens Computers B.V. (FSC) joint venture to Fujitsu Limited. This move was completed after the end of the second quarter of fiscal 2009. As part of our previously announced transformation program, all our remaining Other Operations will be integrated into our Sectors or Cross-Sector Businesses, sold, funneled into joint ventures or closed.

There have also been a number of important developments since the end of fiscal 2008. On January 30, 2009, we terminated our joint-venture agreement with the French nuclear power company Areva, with the result that our joint venture, Areva NP, will end on January 30, 2012, at the latest. Nonetheless, we will remain in the nuclear power business. In March 2009, we signed a joint memorandum of understanding with Rosatom, Russia's state nuclear energy corporation, on the formation of a joint venture in which Rosatom is to hold a majority stake of 50 percent plus one share.

Our business

We offer an extensive range of products and solutions designed to protect both the environment and the world's climate. Offerings that make a verifiable contribution to minimizing our customers' environmental footprint qualify for inclusion in the Siemens Environmental Portfolio.

In fiscal 2008, our Environmental Portfolio – including newly added wind farm components – generated sales of some €19 billion, about one quarter of our total revenue. In fiscal 2007, revenue from products and solutions in the Portfolio totaled roughly €17 billion. We're now aiming to increase revenue from our Environmental Portfolio to €25 billion by 2011.

Industry

The Industry Sector offers a wide spectrum of products, services and solutions for industry and infrastructure customers. Our integrated technologies and holistic solutions improve productivity, enhance flexibility and increase efficiency for customers in the areas of process and manufacturing industries, transport, buildings and utilities. The portfolio ranges from industry automation to drive systems, from building automation to lighting solutions, and from mobility solutions to system integration and solutions for plant businesses.

2008

Employees: 222,000

Revenue (external):

€36.908 billion

Portion of total sales:

47.73 percent

2007

Employees: 209,000

Revenue (external):

€34.976 billion

Portion of total sales:

48.28 percent

Challenging facts

- As the world's population continues to grow, so will the need to produce and supply food and goods at affordable prices
- Cargo traffic will increase by over 60 percent by 2030
- More than a billion people have no access to clean drinking water
- The need for public security is increasing

Siemens' answers

- We're a leader in the developing automation technologies
- We offer a comprehensive range of mobility systems (the *Complete mobility* approach)
- We're the largest supplier of products and solutions for every step involved in water processing
- We develop and market end-to-end security solutions

Divisions offering solutions

- Industry Automation
- Drive Technologies
- Building Technologies
- OSRAM
- Industry Solutions
- Mobility



Further information online:

- > Industry Sector
www.siemens.com/industry
- > Industry Automation/Drive Technologies
www.automation.siemens.com
- > Building Technologies
www.buildingtechnologies.siemens.com
- > OSRAM
www.osram.com
- > Industry Solutions
www.siemens.com/industry-solutions
- > Mobility
www.siemens.com/mobility

Energy

The Energy Sector offers a wide range of efficient products, services and solutions along the entire chain of energy conversion – from the extraction of oil and gas to power generation, transmission and distribution. The Sector primarily addresses the needs of energy providers, but also serves industrial companies and the oil and gas industry in particular.

2008

Employees: 83,000

Revenue (external):

€22.191 billion

Portion of total sales:

28.70 percent

2007

Employees: 73,000

Revenue (external):

€19.875 billion

Portion of total sales:

27.43 percent

Challenging facts

- Global demand for energy will increase by more than 40 percent in the next 25 years
- Two-thirds of the growth in primary energy consumption will occur in emerging and developing countries
- A continued increase in CO₂ emissions will threaten the world's climate

Siemens' answers

- We lead the market in offshore wind energy solutions
- We've developed the world's largest and most efficient gas turbine
- We're a leading supplier of high-voltage direct-current (HVDC) transmission technology and make the world's most efficient 800-kV transformer
- We offer an extensive choice of energy-saving performance contracting solutions for greater energy efficiency in buildings

Divisions offering solutions

- Fossil Power Generation
- Renewable Energy
- Oil & Gas
- Energy Service
- Power Transmission
- Power Distribution



Further information online:

- > Energy Sector
www.siemens.com/energy
- > Fossil Power Generation
www.siemens.com/fossil-power-generation
- > Renewable Energy
www.siemens.com/renewable-energy
- > Oil & Gas
www.siemens.com/oil-and-gas
- > Energy Service
www.siemens.com/energy-service
- > Power Transmission/Power Distribution
www.energy-portal.siemens.com

Healthcare

The Healthcare Sector develops, manufactures and markets diagnostic and therapeutic systems, devices and consumables, as well as information technology systems for clinical and administrative purposes. The Sector provides technical maintenance, professional and consulting services, as well as financing services together with Siemens Financial Services. Following our recent acquisitions in the field of in-vitro diagnostics, Siemens formed an integrated healthcare company and now offers its customers a unique and comprehensive portfolio of medical solutions across the value chain – ranging from medical imaging, in-vitro diagnostics and interventional systems to clinical IT – all from a single source.

2008

Employees: 49,000
 Revenue (external):
 €11.116 billion
 Portion of total sales:
 14.38 percent

2007

Employees: 43,000
 Revenue (external):
 €9.798 billion
 Portion of total sales:
 13.52 percent

Challenging facts

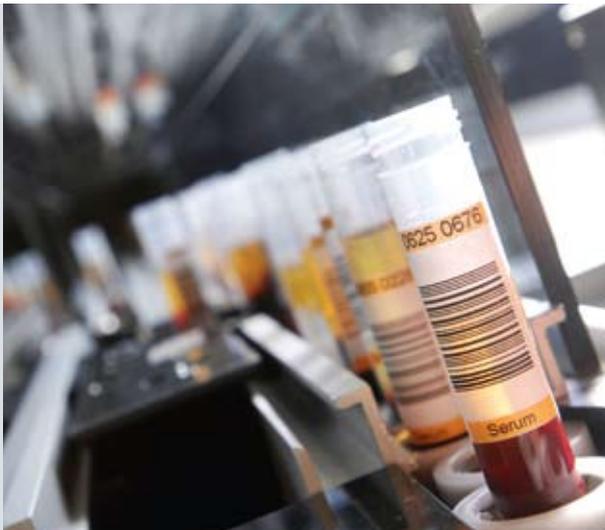
- The number of people worldwide over the age of 80 is increasing
- In some industrialized countries, the cost of delivering healthcare consumes over 10 percent of the gross national product
- The number of people needing care on a daily basis in India and China alone will increase to 165 million by 2020

Siemens' answers

- We combine the latest in-vitro lab diagnostics with in-vivo imaging to enable early detection of diseases at the molecular level
- We're the world leader in information technology for the healthcare industry
- We streamline processes in hospitals to reduce costs

Divisions offering solutions

- Imaging & IT
- Workflow & Solutions
- Diagnostics



Further information online:

- > Healthcare Sector
www.siemens.com/healthcare
- > Imaging & IT
www.siemens.com/imaging-and-IT
- > Workflow & Solutions
www.siemens.com/workflow-and-solutions
- > Diagnostics
www.siemens.com/diagnostics

Cross-Sector Businesses

Siemens IT Solutions and Services designs, builds and operates both discrete and large-scale information and communications systems and offers comprehensive information technology and communications solutions from a single source.

Siemens Financial Services (SFS) is an international provider of financial solutions in the business-to-business arena. SFS supports Siemens as well as non-affiliated companies, focusing on the three Sectors Industry, Energy, and Healthcare. SFS finances infrastructure, equipment and working capital, and acts as an expert manager of financial risks within Siemens. By leveraging its financing expertise and its industrial know-how, SFS creates value for its customers and helps them strengthen their competitiveness.

Cross-Sector Services

Siemens Real Estate (SRE) is responsible for Siemens' international real estate business – managing, operating and optimizing the utilization of the company's real estate holdings and supporting construction projects.

2008

Siemens IT Solutions and Services

Employees: 41,000

Revenue (external):

€3.845 billion

Portion of total sales:

4.97 percent

Siemens Financial Services (SFS)

Employees: 2,000

Income before income taxes:

€286 million

Total assets:

€11.328 billion

2008

Siemens Real Estate (SRE)

Revenue (external):

€388 million



Further information online:

- > Siemens IT Solutions and Services
www.siemens.com/it-solutions
- > Siemens Financial Services
www.siemens.com/finance
- > Siemens Real Estate
www.siemens.com/sre
- > Present in 190 regions
www.siemens.com/worldwide
- > Portfolio changes
www.siemens.com/portfolio-changes

Creating value with responsibility

Integrity in the way we do business and our innovative approach form the basis of our value creation and our business success. As an integrated technology company, our innovative products and solutions contribute to sustainable development – around the world.

With yearly revenue of about €77 billion and a wide-ranging portfolio, Siemens is one of the major global players in the business world – as an employer, a customer, an investor and a supplier of technology solutions for industry, small business and city governments in about 190 countries. As a technology supplier, we have special ways of contributing to the sustainable development of our company and to that of our customers: along the entire value chain, from the procurement of raw materials to sales and in all regions in which we operate. By signing the Global Compact of the United Nations, we have confirmed our commitment to the fundamental principles of responsible behavior.

Our contribution: Jobs and tax revenues

In fiscal 2008, Siemens increased the size of its global workforce by seven percent, and did so at all company locations. Today 59 percent of our employees work in Europe, Africa and the Commonwealth of Independent States, 23 percent in the Americas and 18 percent in the Region Asia, Australia and the Middle East. We offer all of them highly qualified jobs with a variety of opportunities for development. For example, in the reporting period we invested €460 million in training and continuing education and contributed to forward-looking

Materials for the environment: Testing a ceramic heat shield.



development throughout the world. Our 427,000 employees, whose income typically lies above the local average, also strengthen the purchasing power in their area – something many local service providers depend on. We provide considerable support for domestic economies, particularly in emerging nations and developing countries, such as with the taxes we pay and other tax revenues that are made possible by our economic success.

Our contribution: Investments

We consistently invest around the world in new sites, plants and manufacturing processes. These investments secure our business, help develop future markets and support local economies through our orders. In fiscal 2008, Siemens spent a total of €3.542 billion on additions to intangible assets and property, plant and equipment (2007: €3.067 billion). The largest share of this total was in our Industry Sector, with €1.248 billion.

Our contribution: Innovations

We can only make these investments as long as innovations secure our leading position in the market and satisfy the needs of many people in a new way. That is why more than 32,300 Siemens employees work at 154 research and development locations spread across the planet. In fiscal 2008, we increased our R&D budget by twelve percent to €3.8 billion. About €1 billion of that was associated with environmental and climate protection – an amount that will continue to grow in the future through research investments in the capture and storage of CO₂ from power plant flue gases (CCS: Carbon Capture and Storage), renewable energy and intelligent storage and distribution systems for decentrally generated energy.

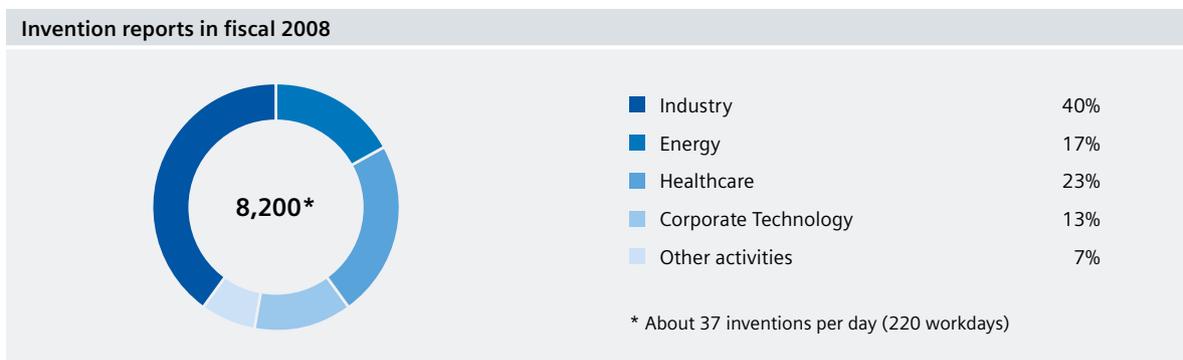
Innovations have always been the key to Siemens' success. They stem from the work of our 32,000 researchers and developers worldwide.



Further information online:

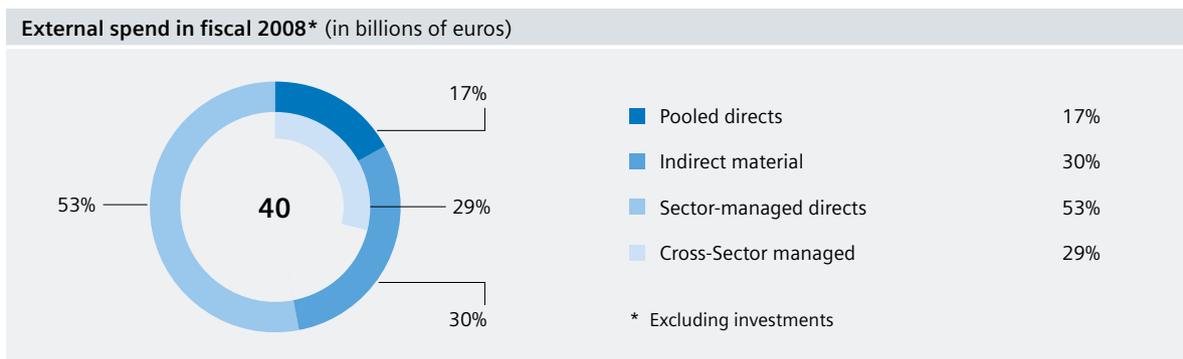
- > Siemens, a responsible employer
www.siemens.com/employees
- > Research and development at Siemens
www.siemens.com/innovations
- > Present in 190 regions
www.siemens.com/worldwide
- > Siemens Annual Report 2008
www.siemens.com/annual-report

Our intensive research and development activities make us one of the most innovative companies in the world. In fiscal 2008 alone, we applied for about 5,000 patents and registered 8,200 inventions. That amounts to 37 inventions each work day. As of 2008, Siemens held a total of over 55,000 granted patents, ten percent more than the year before. These activities make a key contribution to meeting ecological and social challenges. And that is why we sometimes receive government support for the testing of particularly innovative solutions and methods. For example, Siemens is coordinating the Health-e-Child project, which is part of the EU's Sixth Framework Program and has been granted €12.186 million by the European Commission. The goal of this project, which is being conducted with other companies, is the creation of an Internet-based information platform for pediatrics. Building on this platform, information and research findings in this area are to be made available to physicians, clinics and research institutions around the world.



Our contribution: Procurement

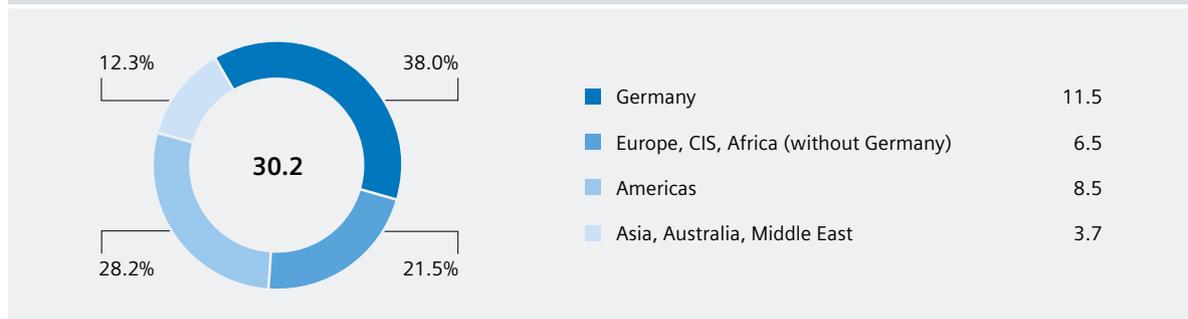
In fiscal 2008, Siemens purchased products and services worth about €40 billion. Wherever possible, we are increasingly shifting this procurement volume into the countries where our operations are located. In the context of our efforts to avoid currency risks and customs fees, this makes good business sense – and also supports regional growth and reduces logistics-related environmental pollution. The work we put into qualifying and certifying our suppliers – among other things, by obligating them to comply with the Code of Conduct for Siemens Suppliers and monitoring this compliance – benefits others as much as it does us: The suppliers improve their range of offerings, and we minimize procurement and reputation risks.



Our contribution: Charitable investments

We view our expenditures in the area of corporate citizenship as an investment in the development and maintenance of smoothly functioning markets and stable economies. An overview of our charitable investments is available in the “Society” section of the Key figures chapter.

Charitable investments (donations) by Region in fiscal 2008 (in millions of euros)



Innovative: Dr. Terfik Sezi has developed a new measurement method for power distribution that makes this distribution more fault-tolerant and helps reduce transmission losses.



Further information online:

- > Procurement at Siemens
www.siemens.com/procurement_at_Siemens
- > Corporate citizenship at Siemens
www.siemens.com/citizenship
- > Investor Relations
www.siemens.com/investors
- > Health-e-Child project
www.siemens.com/health-e-child

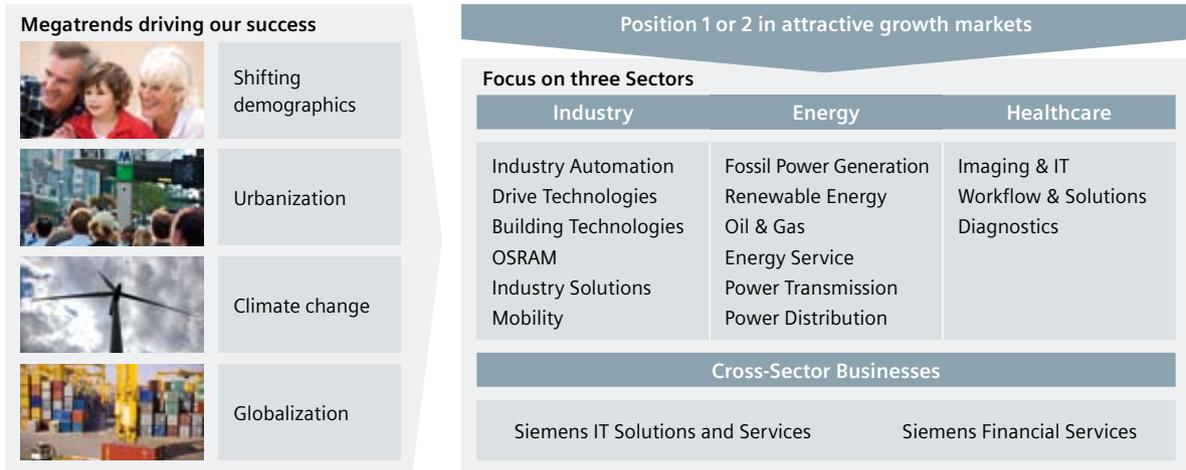
Challenges

As an integrated technology company, our success is more dependent on how we deal with the challenges of the future than is the case with other companies. And as a globally operating enterprise, the acceptance of everything we do today and tomorrow depends on the trust of many different stakeholder groups.

Our entrepreneurial activities provide answers to the ecological and social challenges of our time. With our innovations and technological solutions, we make special contributions toward meeting these challenges. That is why we regularly analyze the trends, events and developments that are shaping the future. For Siemens as an integrated technology company, active portfolio management is an ongoing effort – and one that makes a considerable and reliable contribution to reaching our ambitious goals and securing our company against risks. In the context of sustainability, then, it is increasingly important to us that we tackle the new demands of our stakeholders and integrate them into our work. Transparency and openness are essential here. As part of our Fit42010 program, we have set the goal of becoming the benchmark in transparency and compliance.

We are taking up the ecological and social challenges of our time.





Global megatrends

We view demographic change, continuing urbanization, climate change and globalization as megatrends that will have an impact on all humanity and leave their mark on developments in the coming decades. In fiscal 2008, we aligned our business rigorously with these trends. In our three Sectors, Industry, Energy and Healthcare, we have forward-looking products and solutions with which we can deal with climate change, contribute to improved healthcare for an aging populace, and shape infrastructures and mobility in urban areas in an energy-efficient and thus ecofriendly way.

Siemens Studies of Sustainable Urban Development: We used Munich to explore how cities can reduce CO₂ emissions.



Further information online:

- > Siemens answers
www.siemens.com/answers
- > Siemens at the World Economic Forum 2009 in Davos
www.siemens.com/wef
- > Research and development at Siemens
www.siemens.com/innovations
- > Sustainable Urban Infrastructure
www.siemens.com/sustainablecities

Economic environment

While restructuring our company in line with these megatrends, we simplified our leadership structure and strengthened our local presence by bundling our Regional Companies in 20 Clusters. This extensive reorganization of our company puts us in a better position to deal with the consequences of the current financial and economic crisis. In fiscal 2008, the global economic environment already began to weaken, but didn't have a significant impact on our growth. In the meantime, however, we too are experiencing a drop in new orders. We are nevertheless convinced that we will continue to be successful, particularly with our forward-looking, energy-efficient products and solutions. That is because of the great degree to which they contribute to tapping the potential for cost savings in the public sector, in industry and in private households.

Social expectations

The larger companies get, the greater the expectations societies have of them. As global players, they can play a key role in shaping future developments. At the UN summit held in 2001 in Johannesburg, the parties involved appealed in particular to business and defined – in the UN millennium goals – a global agenda whose implementation the business world should support. Siemens has confirmed its desire and readiness to do that by signing the UN Global Compact. Since the financial and economic crisis will have its strongest impact on the impoverished portions of the world populace, we believe we are all the more obliged to meet the expectations made of us and to contribute with global development and qualification projects to reduce poverty. This also includes making better use of the often untapped growth potential in the markets of emerging and developing countries. This benefits not just the local populace, but also creates new business opportunities for the long term.

In the period under review, an OSRAM project aimed at off-grid power supplies should be mentioned as an example. It is designed to enable lighting and energy even in places where there is no public supply of electricity. Central elements of the project include efficient lighting with energy-saving compact fluorescent lamps and LEDs that can be operated for a sufficiently long time with rechargeable batteries. And to make this possible in as energy-efficient a way as possible, we have set up special service bases for recharging the batteries. The purchase of the lamps and batteries can be financed with microcredits. And the work we put into this project has paid off: In fiscal 2008, the project won the company-wide Corporate Responsibility Award. It won this award because, among all submitted projects, it made the best contribution to supporting developing countries economically and socially while also lastingly increasing Siemens' business success.

Materiality analysis

Successful, systematically lived entrepreneurial responsibility requires interaction between the company and its social environment. Above all, it involves the transformation of substantial external requirements into business success. For these requirements to be addressed with focused decisions and measures, they must be identified and weighted at an early stage. From our employees, from customers, from government agencies and from our work in industry associations we receive many indications of what is expected of us as a globally operating enterprise. Our own analyses flesh out this picture.

In evaluating these topics – particularly in light of their relevance for our lasting business success – and in aligning them with our potential as an integrated technology company, we identify the areas we consider of key importance. We perform this materiality analysis for each new fiscal year; it forms the basis of our CR Management agenda and is thus an important part of the framework of our goals within the CR program. And of course, it also provides the essential focal points for our sustainability reporting in each fiscal year.

Our Sustainability Report 2008 builds on the materiality analysis for fiscal 2009. It has changed in certain points with respect to our materiality portfolio for fiscal 2008.

The study “Sustainable Urban Infrastructure. Dublin Edition – a view to 2025” explores how modern technology can contribute to a significant reduction of CO₂ emissions in cities.



Further information online:

- > Research and development at Siemens
www.siemens.com/innovations
- > Pictures of the Future – The Magazine for Research and Innovation
www.siemens.com/pof
- > Energy for everyone – Off-grid project of the OSRAM Division
www.siemens.com/off-grid
- > Employee Corporate Responsibility competition
www.siemens.com/cr-award

Framework

Doing business in a sustainable way provides Siemens – as an integrated technology company – with unique business opportunities which we systematically leverage with our green product and solutions portfolio. Integrity is at the heart of everything we do in this regard.

- The strategic and structural framework for our entrepreneurial activities is formed by our corporate values, our revised Business Conduct Guidelines and our Fit42010 program, which defines corporate responsibility as one pillar of sustainable development.
- In the period under review, we significantly expanded our management and organizational structures. In naming Barbara Kux as our Chief Sustainability Officer, for example, and in her establishment of the new Sustainability Board, we established the organizational framework that will help us make better use of the opportunities offered by sustainable business. Barbara Kux is the member of the Managing Board responsible for Supply Chain Management. Corporate Responsibility, with its focus on integrity, is headed by Peter Y. Solmssen, who is the Managing Board member responsible for Corporate Legal und Compliance.
- A shared understanding of integrity can only emerge in an intensive dialogue with our stakeholders. This dialogue is both the prerequisite and basis for transparent reporting.

Strategy

Profitable and long-term growth is our goal, and responsible value creation is the path to that goal. That is why we view the integration of economic, ecological and social aspects of our overall business activity as a constant obligation and challenge. Our Environmental Portfolio makes an excellent contribution to this strategy.

Our values and our vision

Highest performance with highest ethics – that is the standard demanded by our President and CEO Peter Löscher, and the one with which all decisions made in our company and our overall business behavior are to be measured. It is also the standard demanded of each of our employees in holding to our corporate values. We revised our statement of values in fiscal 2007, and they are the basis for responsible and sustainable business:

Responsible

Committed to ethical and responsible actions.

Excellent

Achieving high performance and excellent results.

Innovative

Being innovative to create sustainable value.

Siemens holds an Innovation Day every year as part of our stakeholder dialogue.



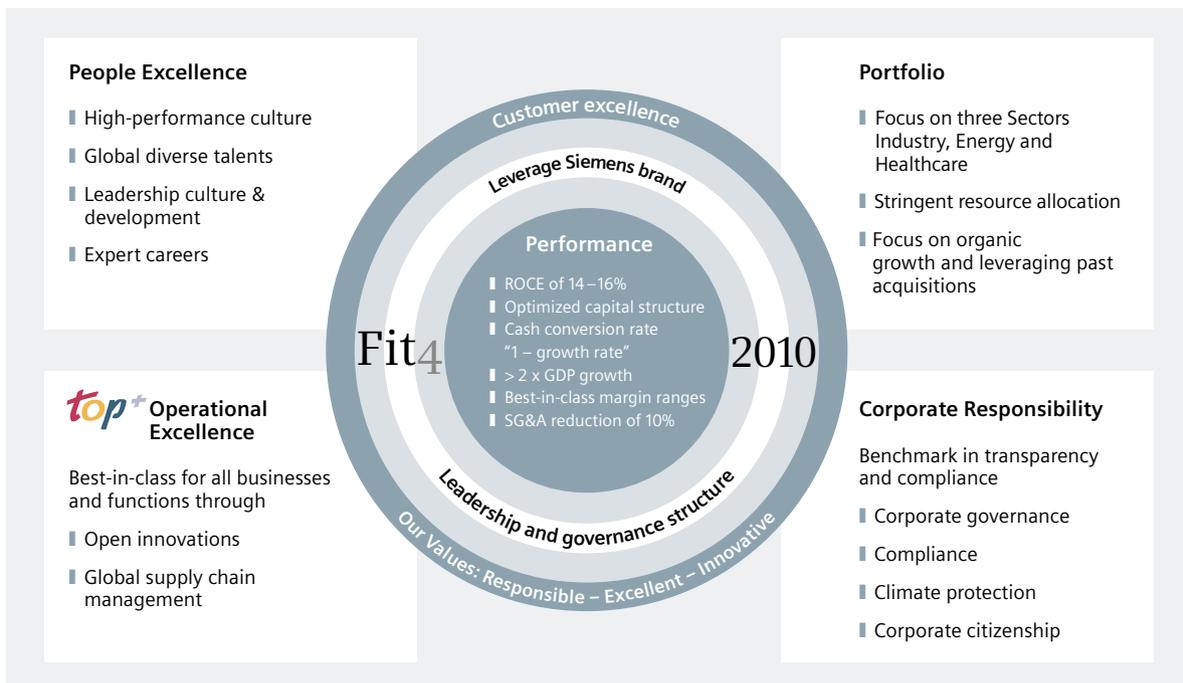
These values are vital to our company’s success. Only by acting in accordance with them and filling them with life can we achieve long-term profitable growth and produce high yields. A values-based corporate culture has many aspects.

We must provide our employees with a framework within which they can work and make decisions. The expansion of our comprehensive Compliance Program and the uncompromising investigation of all incidents in the company make it clear that our values are a binding guideline and point of orientation for management decisions and all our day-to-day activities. We are led in this by our vision:

A world of proven talent,
 delivering breakthrough innovations,
 giving our customers a unique competitive edge,
 enabling societies to master their most vital challenges,
 creating sustainable value.

Key component of our strategy

Corporate Responsibility is a key element of our Fit₄2010 program. Together with the components Portfolio, People Excellence and Operational Excellence, it provides the basis for tapping the full potential of an integrated technology company and achieving enduring high performance.



Our goal is to become the benchmark in transparency and compliance. We have defined four areas company-wide for the long term which will help us reach that goal: corporate governance, compliance, climate protection and corporate citizenship.

In the past, one important aspect of our sustainability-based corporate strategy was the alignment of our portfolio and our corporate structure with the megatrends and the resulting structural challenges for Siemens:

- Demographic shifts, increasing urbanization, climate change and globalization are the four megatrends we have identified as key business drivers for the future. Our products and solutions provide answers to these challenges of our time – with considerable benefit for the societies whose living conditions we help shape with our business activities. With the products and solutions of our Environmental Portfolio, for example, we can address the problem of climate change and grow profitably at the same time. Given the breadth of our Environmental Portfolio, we are already a global leader.
- In addition, we have made Siemens quicker and more flexible in the past two years. We have done so by creating a new, more streamlined corporate structure and company organization that assigns individual responsibility to a greater extent than before and thus ensures a greater degree of transparency. Two examples are the introduction of 20 regional Clusters aimed at simplifying the structure of our Regional Companies and the establishment of the CEO principle for all company units. This is helping put us in a position to respond even more quickly to present and future challenges around the world.

Making better use of sustainability as an opportunity

We see sustainability as an important success factor. In the period under review, we therefore decided to leverage to a greater degree than before the business opportunities presented to us by sustainable business. The Siemens Environmental Portfolio is an outstanding example of this thrust (see also page 78).

Diversity as a factor of success

Siemens is promoting diversity in the management ranks of the company to a greater degree. To this end, we have given diversity a permanent place in our corporate strategy. In view of the shortage of highly qualified people and demographic changes, diversity is a prerequisite for Siemens' long-term success.

The supply of qualified technical people and managers in the industrialized world is growing ever tighter. That makes it even more important for us to acquire talented people and to create an environment that allows them to take on key functions in all units of our company – irrespective of factors such as nationality, age, gender, origin or religion.

On November 1, 2008, Siemens created the position of Chief Diversity Officer and appointed Jill Lee, previously the Chief Financial Officer of Siemens China, to the new position. Armed with a comprehensive package of measures, Jill Lee will work in the coming years to meet an ambitious target: By 2011 Siemens wants to have dramatically expanded diversity among the members of its top management. Siemens wants to become the leader in diversity.

Our controlling model

We define and implement management focal areas and associated projects in our controlling model, which embodies the following principles:

- One important parameter for us is how stakeholders assess Siemens' performance. We use it to determine how responsibly and transparently we are acting.
- We identify sustainability and reputation risks at an early stage and are thus in a position to develop countermeasures.
- We establish methods and processes to ensure that our sustainability activities are at the same level with those of our competitors.
- We want to become a leader in establishing sustainable solutions – benefiting our customers, the environment and Siemens.

Just how we follow these principles is described by our controlling model, which is available on our corporate website.

For our Regional Company in the U.S., too, diversity is a key management task.



Further information online:

- > Our values and vision
www.siemens.com/values
- > Our strategy
www.siemens.com/strategy
- > Diversity as management approach
www.siemens.com/diversity
- > Our controlling model
www.siemens.com/controllingmodel

Organization

The organization of sustainability activities at Siemens has undergone significant changes, both during the reporting period and in the first quarter of fiscal 2009. The new position of Chief Sustainability Officer has made it possible to manage our global sustainability activities in an even more focused approach.

We intend to integrate sustainability issues even more strongly in the relevant business processes and stages of the value chain across all company functions. The Managing Board takes responsibility for achieving this. In doing so, it will be supported by the newly created Siemens Sustainability Board.

Considering that we face a great number of challenges which do not overlap, we have decided to place integrity, sustainability as business opportunity, and diversity in three management functions:

Integrity as the core of entrepreneurial responsibility

At the end of the reporting period, we mandated our Corporate Legal and Compliance function to anchor a culture of integrity more firmly in our company. Peter Y. Solmssen is the Managing Board member who is responsible for this area.

The resulting delegation of responsibilities allows us to manage compliance with external legal requirements, ensure compliance with internal rules and regulations, and handle ethical and societal expectations and demands in an integrated manner.

Sustainability as a business opportunity

Integrity is the foundation and the heart of responsible entrepreneurial behavior. Sustainable business practices create business opportunities for Siemens. Fighting climate change is an excellent example to illustrate this: The products and solutions in our Environmental Portfolio allow us to help our customers reduce their CO₂ emissions and grow profitably at the same time. We have set ourselves an ambitious goal: By 2011, we aim to increase revenues from Siemens' Environmental Portfolio to €25 billion.

Barbara Kux, member of the Managing Board responsible for Supply Chain Management and also Chief Sustainability Officer, is also in charge of marketing the Siemens Environmental Portfolio. In her function as Chief Sustainability Officer, she coordinates and controls the activities of the Sustainability Board that she established. She is supported in her work by the Sustainability Office headed by the Sustainability Director.

Diversity as a factor for success

Diversity is an important factor for sustainable business success. We are striving to promote diversity more vigorously at Siemens. We want to become a leader in diversity-related issues. We need to develop and implement an independent diversity program on a global scale. Jill Lee, whom Siemens appointed to the newly created position of Chief Diversity Officer on November 1, 2008, is responsible for these efforts. In this capacity, Ms. Lee reports to the Siemens Managing Board and works with her own staff and a global network of experts on the conception and implementation of a comprehensive diversity program for Siemens.

Coordination and implementation

The Siemens Sustainability Board, chaired by Barbara Kux in her capacity as Chief Sustainability Officer, includes managers on the Sector and Division levels, relevant technical functions at the Corporate level, and representatives of the largest Siemens Regional Companies. Other managers may take part, depending on the specific agenda. The Sustainability Board is responsible for developing our sustainability strategy and the sustainability program, and for monitoring and reporting on our sustainability performance. In its work the Board pursues three goals in particular: Reaching the targeted revenue goals for the Environmental Portfolio, reducing CO₂ emissions, and improving internal sustainability performance. The Sustainability Board meets a number of times during the fiscal year to discuss key sustainability issues related to the defined targets and jointly work out proposals for solutions. If a Board-level decision needs to be made to implement a proposal, the Chief Sustainability Officer brings the matter before the Managing Board.

In addition, the CR working group created in 2006 continues to develop and expand our sustainability reporting and assist in the creation of this Report. It also processes the assessments for major sustainability ratings. The named persons are responsible for implementing company strategy and the associated management of the focus areas of integrity, sustainability, and diversity.

An award for responsible involvement: We honored our OSRAM Division in fiscal year 2008 for its off-grid project.



Management of sustainability activities

Siemens introduced an environmental protection management system back in the late 1980s that meets the standards of today's ISO 14001 standard and the EU's EMAS. In fiscal 2008, 182 of our locations were ISO 14001 certified; of those, four locations also had EMAS certification. For new locations that have an impact on the environment, there are clearly defined internal deadlines for implementing management systems and having them certified.

Siemens also has occupational safety management systems oriented to the OHSAS 18001 (Occupational Health and Safety Assessment Series) standard. They are in place at the Siemens locations where occupational safety and environmental concerns are most relevant. With our company occupational health and safety program, we want to continue to strengthen the introduction of these management systems in coming years.

Each year, we buy or sell about ten percent of our facilities. This makes it nearly impossible to achieve complete coverage for the management systems described here, although we are striving to do just that. For detailed information on the certified management systems for the reporting period, please see the Management chapter.

The Code of Conduct for Siemens Suppliers also includes a provision requiring them to implement environmental protection management systems as well as occupational health and safety management systems. We take into consideration the size of the company and the business the supplier is in. We made significant strides during the reporting period in the implementation of reviews and training sessions on the Code of Conduct for Siemens Suppliers.

Internal audits

The various technical functions have the authority to develop and implement guidelines, a duty to perform audits, and to coordinate responsibilities within the scope of the tasks assigned to them: They are responsible for reviewing the implementation of the internal guidelines they publish. In-house assessments and management reviews are used to accomplish this.

In addition, the company's audit department and its decentralized audit units perform worldwide risk-based assessments of the implementation of guidelines on behalf of the Managing Board.

Audits of specific sustainability aspects also take place in the course of other function-specific audits.

Employee motivation

Just as we did in fiscal 2007, we announced an employee prize for corporate responsibility during the reporting period and awarded it in October 2008. The focus was on entrepreneurial responsibility, with a special emphasis on the United Nations' Millennium Development Goals. The winner was the OSRAM Division's "Umeme Kwa Wote – Energy for all" project.

The project thoroughly impressed the jury with its unique program to provide ecofriendly light without a direct connection to the electric grid. This program is of global significance, considering the fact that 1.7 billion people still live without access to a public electric grid; most use kerosene lamps for light. Burning 77 billion liters of kerosene annually for lighting purposes alone results in 190 million tons of global CO₂ emissions – more than Finland’s entire annual CO₂ emissions.

This is where the OSRAM team came in: It developed an energy supply that works completely independently of the electric grid (“off-grid”). The heart of the project is an ecofriendly energy station. Local residents can recharge batteries for energy-saving lamps and other electrical devices very inexpensively. OSRAM set up pilot energy stations in Mbita, Sindo, and Nyandiwa on the Kenyan side of Lake Victoria, as well as in Nakifuma, Uganda. Photovoltaic panels provide up to ten kilowatt-hours of electricity per station. That’s enough to charge about 400 lamp batteries and battery packs to run electronic devices. Users trade in discharged lamps and battery packs for freshly charged ones using a deposit system. The fishermen are particularly dependent on lamps because they are used to lure fish into their nets at night. Before, they had to spend more than half of their income on kerosene; the battery-powered lamps have greatly reduced their costs. The project was aided by the DEG (German Investment and Development Society) and others.

With its off-grid project, the OSRAM team has presented a sustainable lighting concept that improves living conditions for many people, protects the environment, and opens up a new, profitable line of business.

For more information on the winning project and other finalists in the competition, please visit our Corporate Responsibility website.

Environmentally friendly light with no direct connection to the electric grid: Fishermen on Lake Victoria work with a solution from our OSRAM Division.



Further information online:

- > Employee competition in the area of corporate responsibility
www.siemens.com/cr-award
- > Energy for all
www.siemens.com/off-grid
- > Sanjeevan Mobile Clinics
www.siemens.com/mobile-clinics
- > Rural Center of Medical Excellence
www.siemens.com/rural-center

Overview of goals

As part of our corporate strategy, experts set sustainability goals and follow their implementation in the Sectors and regional units based on key figures. The implementation of the goals of the environmental program and the Environment Portfolio is regularly discussed at meetings of the Sustainability Board.

In setting and implementing our goals, we make sure that we are further intensifying the business relevance of sustainability and intensifying our focus on the opportunities of sustainable business activities.

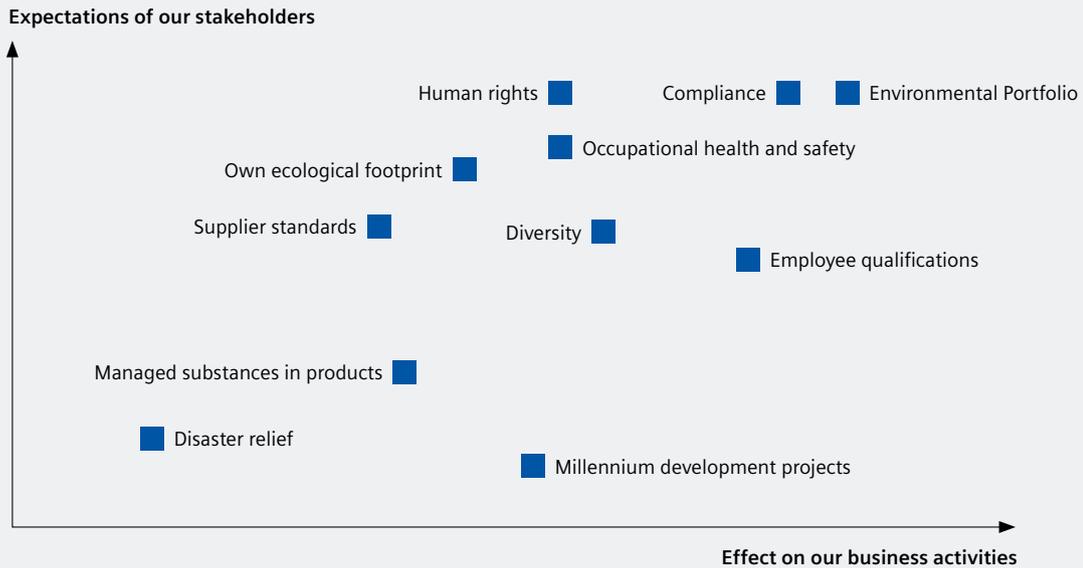
Materiality portfolio

We have internally analyzed the expectations gained from dialogue and interaction with our stakeholders in our materiality portfolio for importance and relevance, and then added them to the portfolio on the basis of this ranking. The evaluation rated both risks and opportunities. A new element added to our materiality portfolio is diversity. The basis for this consists of extensive analyses of business relevance and stakeholder expectations, which Jill Lee conducted in her function as Chief Diversity Officer.

We manage our Environmental Portfolio, our standards for suppliers, our own environmental footprint and the substances in our products on a cross-functional basis – because we see environmental protection as a universal task that applies to all stages of our value-added chain, from purchasing to operational to product-related environmental protection.



Our materiality portfolio 2009



■ **Environmental Portfolio:** The products and solutions in our Environmental Portfolio contribute to climate protection while strengthening our business.

■ **Compliance:** Top performance with the highest ethical values. This is the standard by which our actions and our business must be measured. We assure unconditional adherence to this principle with our Compliance Program.

■ **Human rights:** Applying intensified measures, we hope to further promote strict compliance with human rights, both in our activities in the supply chain and in our own operations.

■ **Occupational health and safety:** By introducing a new company-wide reporting tool, we are strengthening control and optimization of our work and health protection measures. We are also setting clear company-wide goals with a company program.

■ **Our own ecological footprint:** We aim to further improve the environmental performance of our locations worldwide with the ambitious goals of our company-wide environmental program.

■ **Diversity:** Siemens intends to more intensively promote diversity among the company's management and is therefore establishing diversity as a fixed component of our corporate strategy.

■ **Supplier standards:** We expect our suppliers to adhere to generally recognized principles of sustainability, and we support them in implementation.

■ **Employee qualifications:** The education and training of our employees is one of the fundamental conditions for Siemens' long-term success as an integrated technology company.

■ **Managed substances in products:** Any company with an extensive range of products and solutions requires cooperation in the supply chain when managing substances – above and beyond the legal requirements.

■ **Disaster relief:** With its portfolio and its worldwide network of experts, Siemens can help prevent and respond to natural disasters.

■ **Millennium development projects:** Our business activities contribute to sustainable development particularly in developing countries. We want to intensify this contribution with sustained innovation and base-of-the-pyramid solutions, such as the winning project of our employee award for Corporate Responsibility 2008.

CR program

In the 2007 report we first identified process goals for implementing CR and for human rights and millennium development projects.

The reporting period was marked by organizational and structural changes within the company. Decisions were also made on changing the organization and reorientation of CR at the corporate level. We were therefore unable to fully achieve the overarching goals of the CR program.

Overall goals		
Goal	Target date	Status
Stakeholder dialogue and capacity building		
Develop a framework for partnerships between local networks of the UN Global Compact and our Regional Companies.	10/2008	A guideline for involvement by our Regional Companies has been prepared and is used in the company.
Define a framework for Siemens stakeholder dialogue.	4/2009	Goal partially achieved: Core elements have been prepared, and the pilot project is being conducted by Siemens Turkey.
Build cooperation between local networks of the UN Global Compact and our Regional Companies.	4/2009	Various Regional Companies have become involved or increased their involvement in local networks.
Further develop the CR Award as a company-wide steering instrument for exemplary CR work.	4/2010	Interim status: – We conducted the CR Award again during the period under review and combined it with intensive communication on best practice sharing. – Siemens Spain presented its own award in fiscal 2009. – At the corporate level, the Environment Prize will be awarded in fiscal 2009.
Reporting		
Standardize the CR reporting processes and evaluate reporting practices in the decentralized units.	4/2009	Goal mostly achieved: – We further standardized the requirements for the reporting process, especially for identifying the necessary reporting contents. – Reporting practices in select decentralized units were evaluated.
CR organization		
Develop a framework for the CR organization in the decentralized units.	9/2008	Goal deferred due to organizational changes in the company.
Human rights		
Develop a methodology for examining the effects of our project business on human rights.	10/2008	Goal essentially achieved: – Core elements of the methodology were prepared with a conceptual plan for piloting.
Millennium development projects		
Conduct a research project on “Base of the Pyramid” for B2B (Business to business) and B2G (Business to government).	9/2008	Goal partially achieved: – We prepared the method and discussed it with scientists. – Selected projects were identified and analyzed on this basis. – This subject was a main element of the 2008 Siemens CR Award.

New goals	
Goal	Target date
Stakeholder dialogue and capacity building: – Work out the framework for Siemens stakeholder dialogue. – Prepare the framework for sustainability reporting in the Sectors and Divisions as well as the Regional Companies.	4/2010
Reporting: – In the coming fiscal year, the report will be examined by a financial auditor.	9/2010
CR organization: – Prepare the framework for CR organization in the decentralized units.	9/2010
Human rights: – Experiment with and further develop methods for examining the effects of our project business on human rights.	9/2010
Millennium development projects: – Examine completed projects in a selected market using sample criteria for their contribution to sustainable development.	9/2010

Our products and solutions – such as this computed tomography scanner – help in providing high-quality medical care even in rural areas, for instance northwestern China.



Further information online:

- > Stakeholder dialogue at Siemens
www.siemens.com/stakeholderdialog
- > Our CR framework
www.siemens.com/framework
- > International guidelines
www.siemens.com/international-guidelines
- > Siemens projects for sustainable development
www.siemens.com/sd-projects

Stakeholder dialogue

Our business activities affect many people, both directly and indirectly. That's why we take the information needs and interests of our stakeholders very seriously. They include analysts and investors, our customers, employees and suppliers, as well as public agencies, universities, research institutions, nongovernmental organizations, and the people who live in communities where we are located.

In our Fit₄2010 company program, we set the goal of becoming a benchmark in transparency and compliance. Open dialogue with our internal and external stakeholders – throughout the company – is indispensable for achieving this. In this sense it is more than a requirement: It is part of our corporate culture. Responsible actions require open and honest behavior and fair dealing with all stakeholders.

Sustainable Urban Development: a study conducted by Siemens in cooperation with McKinsey illustrates how London can already significantly reduce its CO₂ emissions with present-day technologies.



Stakeholder dialogue at Siemens					
Stakeholder	Information	Surveys	Bilateral exchange	Dialogue events	Key topics of our dialogue measures
Employees	●	●	●	●	Siemens as a “green company,” values, compliance, diversity
Investors	●		●	●	All sustainability subjects
Analysts	●		●	●	All sustainability subjects
Customers	●	●	●	●	Energy efficiency, climate protection
Suppliers	●	●	●	●	Code of conduct for Siemens suppliers, climate protection
NGOs	●		●		Climate protection, compliance
Political institutions	●		●		Climate protection, compliance
Research institutions	●		●		Climate protection, compliance
Associations	●		●	●	Climate protection, energy efficiency, supplier standards, compliance, management of materials

Specific dialogue

Our Sectors, Divisions, Business Units, and Regional Companies play an important role in the dialogue with our stakeholders. They are in close, regular contact with them wherever in the world we are active. Our products and solutions affect the lives of countless people throughout the world. Accordingly, the number of our stakeholders is large. The expectations and demands we face are correspondingly varied. We therefore see stakeholder dialogue primarily as the task of our decentralized corporate units, which can respond directly to our stakeholders’ requirements on location.

The framework for this comes from the specifications defined in our Business Conduct Guidelines, requiring honest and respectful dealings with all stakeholders at all times. They also provide the possibility for our stakeholders to be able to call our ombudsman or the “Tell us” compliance helpdesk at any time, anonymously if necessary, if they notice violations of laws or internal regulations.

Identifying stakeholder expectations

To identify our stakeholders’ expectations, we evaluate employee questionnaires, customer surveys, and feedback from our suppliers. Valuable information regarding potential improvements in the areas of environmental protection, social activism, and employee responsibility also comes from the surveys and evaluations of sustainability-oriented analysts and investors.

During the period under review, the topics of compliance, climate protection, and energy efficiency were of special interest to all our stakeholders. Our Managing Board identified diversity as a further important topic and created separate responsibility for it. In this Report we therefore give in-depth attention in a special chapter to what we have implemented and what we plan for the future on the subjects of integrity, CO₂ reduction, and diversity.

Stakeholder dialogue on compliance

When it comes to compliance and combating corruption, we maintain an intense exchange with political bodies, nongovernmental organizations, academic institutions, and competitors. We fight corruption and bribery in all business relations – even outside our company.

In the past fiscal year we conducted our first employee survey on the subject of compliance, with 90,000 employees. The results of the survey confirmed the course we have set; 81 percent of the respondents rated our compliance activities positively. At the same time, we received valuable comments from our employees on additional potential for improvement. The measures derived as a result are currently being implemented. Even now, the results of the survey on a separate compliance component in bonus payments are coming in to our senior management (see also page 63).

Stakeholder dialogue on climate protection

An intensive dialogue with our stakeholders helps us constantly improve our contribution to climate protection. We regularly exchange information with numerous experts to continuously develop our Environmental Portfolio.

Close cooperation and constant dialogue with our suppliers also helps, such as in reducing CO₂ emissions in our logistics operations.

But we go even one step further: We encourage initiatives and climate protection measures in cooperation with scientific institutions and other partners. For instance, we conducted investigations during the period under review in a cooperative project with McKinsey management consultants (London study) and the Wuppertal Institute for Climate, Environment, Energy (Munich study) showing how large modern cities can reduce their CO₂ emissions. We hope to point out energy-efficient solutions with these studies and encourage a broad-based stakeholder dialogue on climate change. At the same time, these projects also support the positioning of Siemens worldwide as a vendor of ecological and climate-friendly products and solutions.

We are identifying our employees' opinion of this commitment as part of a survey on our internal communication measures. The survey also investigates whether and how they perceive Siemens as a "green" company. We will formulate appropriate measures after evaluating the results.

Stakeholder dialogue on diversity

Our employees are our most important stakeholders. Getting them networked and communicating with them describes an important goal of our Diversity Initiative. It sees our employees' diversity as a potential, and is intended to help further improve it.

Numerous events will be held in the coming fiscal year. We established the Global Leadership Organization for Women (GLOW) network at Siemens at our first Diversity Day, a two-day event with workshops, presentations, and podium discussions. We believe that women in leadership positions should take steps to promote young, talented women and make visible their contribution to the company's success. A second network plans to bring junior staff together from the high-growth countries of Brazil, China, India, and Russia. Their expertise, different ways of thinking, and diverse perspectives are another important engine for our innovative strength.

Using potential energy savings in cities

Studies on sustainable urban development

The reduction of CO₂ emissions in cities will play a critical role in the success of climate protection. With our studies on sustainable urban development, we seek to stimulate dialogue among all involved stakeholders. Our goal is to bring together representatives of science, public policy, industry, and society and discuss with them how the solutions brought up in the studies can be implemented.

Climate protection must begin in the cities. Seventy-five percent of the energy used worldwide is consumed here and 80 percent of greenhouse gases are emitted. Half the world's population already lives in cities today; it will be 60 percent by 2025. As the company with the world's largest environmental portfolio, environmental research activities with a budget of about €1 billion to date, and about 14,000 "green" patents, we will do our part to meet this global challenge.

Working with stakeholders

Siemens has already been working for several years with a variety of stakeholders on issues of sustainable urban development. After we conducted a stakeholder survey in 2007 on infrastructure challenges, we commissioned studies for London and Munich in the past fiscal year to investigate emission reduction potentials. Another study for Dublin has already come out.

With these studies, we wish to contribute to the discussion that has developed in recent years among companies, cities, governments, nongovernmental organizations, associations, and climate protection initiatives on issues of sustainable urban development. At the same time, however, we also hope to stimulate a broad-based public dialogue about how policy, industry, and citizens can together contribute to sustainable urban development.

The studies show that investments in sustainable infrastructure benefit not only the environment and climate protection, but also pay off economically through energy savings. They help us to better understand the needs of cities and enable us to provide appropriate approaches for sustainable urban development as part of our Environmental Portfolio.

Objective and extensive analysis

The studies concentrate on the ecological aspect of sustainability, particularly in the infrastructure areas of energy, buildings, transportation, water, and waste disposal. They identify technological drivers that can reduce CO₂ emissions in these areas, analyzing them from an ecological and economical perspective.

Results pointing the way to the future

The studies show that it is possible to reduce CO₂ emissions in London by more than 40 percent by 2025. Munich could even cut its CO₂ emissions almost to zero by the middle of this century. And this does not even require the use of new technologies: All savings can be realized with technologies already available today.

Further information online:

- > Siemens studies on sustainable urban development
www.siemens.com/sustainablecities

Stakeholder engagement in Turkey

Siemens Turkey began its own project to analyze its stakeholder management during the period under review. The methodological foundation of the project is the AA 1000 SES (Stakeholder Engagement Standard). Building on this foundation, our Regional Company will optimize its stakeholder dialogue. During the initial phase, our colleagues investigated the contribution that an extensive stakeholder dialogue can make. From this they derived the goal of integrating the implications and results of this exchange into their corporate strategy. A steering group was formed with representatives from various corporate departments and Sectors; it identified the major stakeholders and examined the topics addressed by them according to their general social and strategic significance for Siemens. In order to develop a materiality list for defined issues, questionnaires were distributed to internal and external stakeholders. In total, more than 2,000 stakeholders participated via online survey and face-to-face-interviews. On the basis of the results, issues were defined which should be focused on in the short, medium, and long term. In an upcoming step, there will be personal conversations with the stakeholders – first of all Siemens employees and then external stakeholders – for the relevant topics.

Permanent dialogue and memberships

We also have close, regular exchanges with our investors and with political figures and other groups in society. Our memberships in international and national federations and organizations help facilitate these dialogues. This includes memberships on the corporate as well as lower company levels.

Certainly our most significant membership regarding sustainability is our participation in the United Nations Global Compact. Some of our Regional Companies and our OSRAM Division are also members. We are also a member of the World Economic Forum (WEF). In February 2009, Siemens joined the WEF Partnering Against Corruption Initiative (PACI).

We are currently examining further memberships at the corporate level.

Diversity Day at the SiemensForum Munich, March 2009.



Further information online:

- > Stakeholder dialogue at Siemens
www.siemens.com/stakeholderdialog
- > Investor Relations
www.siemens.com/investors
- > Memberships
www.siemens.com/memberships
- > United Nations Global Compact
www.unglobalcompact.org

Reporting method

Our Sustainability Report shows the methods, criteria, and boundaries governing how we report. For fiscal 2008, it is also our progress report on the ten principles of the United Nations Global Compact.

This Report is a continuation and further development of the Siemens CR Report 2007 and is based on its structure. It shows the major social and ecological challenges associated with our business, and how we respond to them. In addition, it identifies how actions that are value-oriented and environmentally aware contribute to Siemens' business success as part of our corporate strategy.

Choice of subjects

The main points of the Report's contents are primarily oriented to materiality analysis. We prepare these each year on the basis of internal consultations by the specialized functions responsible for the subject and dialogue with the various stakeholders. They contribute the information on our stakeholders' expectations and opinions gained from the dialogues to the analysis.

The sustainability-oriented ratings agencies also provide us with important notes – above all the SAM Group, which evaluates companies for the Dow Jones Sustainability Indices.

Period under review and report boundaries

The period under review corresponds to the Siemens AG 2008 fiscal year, or October 1, 2007, to September 30, 2008. All information in the Report thus relates to fiscal 2008. Any exceptions are indicated as such.

We completed restructuring of the company into the Industry, Energy, and Healthcare Sectors with the associated Divisions in the course of fiscal 2008. Generally, all of our fully consolidated companies and equity investments above 50 percent are included. Here, too, possible exceptions with regard to the database are marked and explained.

We also addressed current developments through April 15, 2009, (editorial deadline) where this appeared advisable to us or that we believed was in our stakeholders' interest.

In-depth information and regular updates are available on our corporate website and in the interim reports of Siemens AG.

We plan to issue the Sustainability Report for fiscal 2009 in the spring of 2010.

Data collection

Collecting data on employees, the environment, and society represents a major challenge, considering that Siemens has over 600 companies in about 190 countries, some 315 environment-related locations, and 427,000 employees (continuing operations). Since Siemens companies must often adhere to national regulations regarding acquisition and definition, the generated data are not always comparable. We point out significant limitations in the presented data and key figures.

External review

Siemens has had its statements regarding the climate-relevant emissions generated by its operating activities (Scope 1 and Scope 2 in the Greenhouse Gas Protocol) and its statements regarding its Environmental Portfolio reviewed by independent third parties and has received the corresponding confirmations. A more comprehensive review of the next Siemens Sustainability Report is planned.

Major changes

To the extent portfolio changes have influenced the content of the Report, this is marked and commented on in the appropriate locations.

The Region assignments at Siemens changed after the end of the fiscal year. Starting January 1, 2009, we report using the following Regional Clusters:

- Europe, CIS, Africa, Middle East
- North and South America
- Asia, Australia

This Report is still based on the region assignments from fiscal 2008, which are as follows:

- Europe, CIS, Africa
- North and South America
- Asia, Australia, Middle East



Index related to the Global Compact of the United Nations

Siemens has participated in the UN Global Compact since 2003 and expressly supports its ten principles. This Sustainability Report contains our yearly progress report. The corresponding index at the end of the report also structures its content according to implemented systems, measures, and performance.

Index related to the Global Reporting Initiative

The principles for contents and quality defined in the guidelines for the Global Reporting Initiative (GRI, G3) are also important criteria for this Report. As a service to interested stakeholders, we provide an index of the contents of our Sustainability Report according to GRI guidelines (revised version of October 2006, G3). In addition to the contents of the report, the index also references further information in the Siemens 2008 Annual Report. Our Sustainability Report 2008 website also provides links to other company websites that offer further information.

Feedback and suggestions

Feedback from our stakeholders is especially important for the further development of our sustainability reporting. We are grateful for your suggestions, questions, and even criticism.

Please use the contact addresses in the information resources.

Production of steam turbines for extreme temperatures at our production site at Mülheim, Germany, one of the reporting locations for this Report.

**Further information online:**

- > Siemens Sustainability Reports
www.siemens.com/sustainability-reports
- > Siemens Annual Report
www.siemens.com/annual-report
- > United Nations Global Compact
www.unglobalcompact.org
- > Global Reporting Initiative
www.globalreporting.org

In focus

We rely on sustained, profitable growth to safeguard our business success. To achieve that growth, we need the best people we can hire, a portfolio aligned to the demands of tomorrow's high-potential markets, and the confidence and backing of our customers as well as the host communities in which we operate.

- **Responsible, excellent, innovative:** These are the values we're building on to secure our success in the future. In the sections that follow – on integrity, on CO₂ reduction and on diversity – we not only explore what these values mean, but also what challenges they present, and how we, as a responsible and forward-looking company, embrace and embody these values in the way we operate on a daily basis.
- A common understanding of integrity informs our entire corporate culture and governs the actions we take, both internally and externally. Our ability to reduce CO₂ emissions, increase energy efficiency and help protect the planet is now more important than ever for our future business success. (In fact our Environmental Portfolio – the largest of any company in the world – already generates a quarter of our revenue, and we have a global environmental management system in place to ensure that our products and solutions along the entire value chain meet high standards of environmental performance.) And our capacity to deliver key innovations in the future depends on highly qualified and creative employees – talent we aim to attract and retain through active diversity management.

Success factor – Integrity **Page 48** | Siemens employees on compliance **Page 50**

Success factor – CO₂ reduction **Page 51** | Success factor – Diversity **Page 54**

Statement by the Chief Diversity Officer **Page 57**

Success factor – Integrity

In November 2007, Peter Löscher, our President and Chief Executive Officer, announced clearly and unequivocally what the public expects of Siemens: that the company deliver outstanding performance while maintaining the highest possible ethical standards. Today, we do this as a matter of course.

This announcement was preceded by an intensive dialogue on integrity and values within the company. As our updated Business Conduct Guidelines state, “Integrity is at the heart of all our actions.” This means that our focus doesn’t rest purely on adherence to laws but is actually much wider, encompassing responsible business management, the integrity of our individual employees, and the formation of lasting relationships with our stakeholders. Our ability to act with integrity – to the highest ethical standards – has two prerequisites: First, we have to share a common perception of such standards; and second, we need to create conditions that enable us to adhere systematically to these standards.

A common understanding of integrity

The only way to achieve a common understanding of integrity is to identify the values, standards and expectations of those with whom we engage. This means that the yardsticks by which we gauge integrity must be transparent and, at the same time, reflect the legitimate expectations of others. Done right, this enables businesses to build strong relationships with stakeholders and to achieve enduring success. For Siemens, therefore, the logical way forward was to initiate an intensive discussion process with top management and with internal and external stakeholders to explore the notion of integrity and to establish key success factors for the future.

This process led to the definition of three fundamental values: responsible, excellent and innovative. All equally ranked, they emphasize that Siemens can achieve outstanding performance by ethical means. These values are underpinned by principles of conduct that offer sound guidance in day-to-day business. Every employee, when making decisions, must ask themselves: Which possible courses of action are responsible and also take into account the legitimate claims of our stakeholders?

Our three basic values are nothing new. Problems in the past arose simply because these values were not applied systematically. And this means they were not promulgated or internalized to a sufficient degree. In addition, a framework capable of anchoring these values was often lacking.

Supporting integrity

Ensuring we act with integrity and to the highest ethical and professional standards in every possible business situation, in our own and every other country, can be challenging. So it's all the more important that we strive to create or foster the right conditions to successfully anchor and act consistently with our values, even in the face of high competitive pressure.

Comprehensive backing from our employees is crucial here. Every Siemens manager, from our CEO down, has to be a role model and ambassador for our values. We also provide an extensive range of information for employees: As part of our Siemens Values Initiative, they can access a variety of resources, including background material, detailed suggestions and information on activities relating to our values.

When faced with difficult decisions, employees can obtain specific information and professional advice. Besides being able to consult their immediate superior, they can also turn to our "Ask us" compliance helpdesk or their Compliance Officer for support. Anyone who notices irregularities is required to report them to our "Tell us" compliance helpdesk.

Creating the right business environment

Another important factor in ensuring we act professionally and ethically is that we create the right business environment. It's essential that all market players share similarly high ethical standards if competition is to be equitable and fair. Working with the World Bank Institute, we have initiated a call to collective action with the aim of encouraging all those involved in public tender processes to shun corruption and bribery.

We act to the highest ethical standards in any business situation anywhere in the world. It's our pledge and commitment.



Further information online:

- > Corporate responsibility at Siemens
www.siemens.com/responsibility
- > Compliance
www.siemens.com/compliance
- > Collective action
www.siemens.com/collective-action
- > Sustainable investment
www.siemens.com/sustainable-investment

How the right conduct contributes to our success

Siemens employees on compliance

In fiscal 2008, we conducted our first compliance perception survey among our employees world-wide. A large number of our people not only took part and responded to the questions, they also used the opportunity to voice their own expectations and to comment on the importance of compliance in their work and on the role of Siemens' management culture.

The comments that follow exemplify the expectations and attitudes of Siemens employees. They confirm that the course we're pursuing to advance our Compliance Program is the right one; they also highlight a number of key aspects of our ongoing efforts, which we briefly discuss below.

"We need managers with strong leadership skills, who understand the situation and turn threats into opportunities. A management that is able to walk within the indicated lines, picking up their responsibilities, being a good example and supporting their employees."

From our employees' perspective, our management culture and our managers' conduct play an important role in compliance. Clear, unequivocal messages from management on compliance and its systematic implementation remain an essential part of our Compliance Program.

"We need to show clearly and repeatedly that we 'walk the talk', and that top management is always available to answer the tough questions."

Management's conduct and the absolute priority of compliance within our management agenda are central issues in our employee communications. The results of our employee survey enable us to take a more targeted line, particularly when it comes to choosing the right courses of action. At skip-level meetings, Managing Board members meet for an informal dialogue with groups of around 15 employees from different tiers within the organization.

"I am aware of my Compliance Officer and how to report non-compliance issue. However, 'what good looks like' has yet to be explained or how compliance impacts on the business in a positive way."

Our employees have embraced our Compliance Program, and our compliance communications played an important part in making this happen. We are currently working on expanding the range of help available when it comes to dealing with difficult situations in day-to-day work. This underscores, once again, our clear stance, namely that only uncompromising adherence to laws and regulations will sustain our business success in the long term.

"Every employee should be ensured in their participation in the compliance understanding. For instance, besides completion of training, there should be real case studies to be discussed in meetings to ensure that employees are aware of the consequences of non-compliance."

Our goal of making compliance a matter of course in our day-to-day business will continue to drive what we do. Here, too, our compliance perception survey provided valuable input. A number of projects based on real-world situations in our Regional Companies are helping to inform a wider circle of employees about dealing with dilemma situations and to improve best practice sharing.

Success factor – CO₂ reduction

As an integrated technology company with an extensive product and solutions portfolio, Siemens benefits from the growing demand for energy-efficient and low-carbon technologies.

Against the background of climate change, the expectations we face as a company – in terms of our portfolio, our own manufacturing operations, and our procurement processes – are mounting steadily. We're expected to reduce our carbon footprint across the entire value creation process. So besides offering technical solutions that contribute on a large scale to greater energy efficiency in the energy industry, transportation, manufacturing, and the home, we must also do more to identify and further reduce our own CO₂ emissions along the value chain.

The business side of climate protection and energy efficiency

Climate protection and energy efficiency offer a great opportunity for Siemens to unite business growth with sound environmental and social performance. This is particularly true today, with energy costs set to rise in the longer term as a result of a growing shortage of resources and the anticipated increase in CO₂ costs through trading schemes.

Our Environmental Portfolio spans a wide range of products and solutions for environmental and climate protection.



Making the most of energy-saving potential once seen as being of limited value will therefore become a more interesting proposition, and the sales opportunities for energy-efficient products and solutions will expand as a result. The scale of possible energy savings that could be achieved through investment in a sustainable infrastructure in major cities is evident from studies we conducted for London (UK), Dublin (Ireland) and Munich (Germany).

We're convinced that policymakers and industry alike must address climate change by actively pursuing integrated strategies. For Siemens, this means driving forward our environmental program at every level, in every company unit and at all of our locations. In addition, parallel to our own product and production-related initiatives, we need to incorporate our suppliers to a greater extent into our CO₂-reduction program.

As of November 2008, this is the task of Barbara Kux, Siemens' Chief Sustainability Officer. She is in charge of marketing our Environmental Portfolio and is the Managing Board member responsible for Supply Chain Management. We're also engaging in cross-function initiatives – in manufacturing, product development and our customer and supplier relationships – that should help us to better control and manage the complex demands and requirements of climate protection.

CO₂ reduction and manufacturing

Even in the early 1990s, energy efficiency played an important role in our manufacturing operations. Then, as now, it was about more than just our environmental footprint, it was also a cost issue. This is why we pursued a number of measures to optimize energy use, including steps to conserve energy at the new company locations we built at various places around the world. Today's possible energy savings may not be quite as spectacular, but given the expected rises in energy prices and the costs of CO₂ emissions, we've reassessed the potential efficiency gains in manufacturing in a new light. Among other things, we've launched two important initiatives – "Innovation in Manufacturing," and "GreenBuilding" – both with the aim of systematically reducing our carbon footprint at all our locations. The efficiency improvements achieved by these initiatives are continuously monitored as part of an active monitoring process. We've also launched an energy efficiency program that will enable us to reach our goals even in the current global economic downturn – and not just through production

Our gas turbines set new cost-efficiency and performance standards.



cuts. Internal communications work, including information published on the corporate intranet, the Siemens Environmental Award and other measures, help to promote the issue of energy efficiency. By raising employees' environmental awareness and encouraging creative thinking, we can help to uncover previously undiscovered savings potential. But the biggest single driver when it comes to boosting energy efficiency and cutting CO₂ emissions is the manufacture and marketing of energy-efficient products: The amount of energy consumed over a product's useful life is generally many times greater than the energy expended in its production.

CO₂ reduction and tomorrow's business

Auditors PricewaterhouseCoopers have verified and confirmed that our energy-efficient products and solutions are helping to reduce our customers' CO₂ emissions significantly. They conducted their initial review in fiscal 2007 to assess the savings we create for customers through our Environmental Portfolio, and have done the same for fiscal 2008. The Siemens Environmental Portfolio comprises solutions in the area of renewable energies, environmental technologies and products and solutions that are particularly energy efficient (see also page 78). Environmentally compatible product design, too, is a firmly established priority and objective in all our innovation and development processes, constituting as it does an important factor in its own right, independently of active-use impacts that so often account for much of a product's overall environmental footprint.

CO₂ reduction and procurement

We're also using procurement policy as a means of bringing down CO₂ emissions outside our own locations. In our Code of Conduct for Siemens Suppliers, we explicitly require that they minimize their environmental impacts and continuously improve their environmental performance. Our aim is to actively help and encourage our suppliers to establish and develop sound environmental and social practices. In fiscal 2008, Siemens embarked on a study in association with a select group of logistics providers to explore and optimize aspects of the supply chain with a relevance for climate protection. The study's objective is to achieve greater transparency on CO₂ emissions caused by transport processes. In the intermediate term we plan to incorporate suppliers into our reporting in line with principles set out in the Greenhouse Gas Protocol and the Carbon Disclosure Project.

Our Velaro high-speed train is the world's fastest electric multiple-unit train. With a 50-percent load factor, its energy consumption is equivalent to just two liters of gasoline per person per 100 kilometers.



Further information online:

- > Innovations for a sustainable future
www.siemens.com/sustainability
- > Sustainable urban infrastructure
www.siemens.com/sustainablecities
- > Siemens Environmental Portfolio
www.siemens.com/environmentalportfolio
- > Greenhouse Gas Protocol Initiative
www.ghgprotocol.org
- > Carbon Disclosure Project (CDP)
www.cdproject.net

Success factor – Diversity

Diversity is an important success factor in global competition. Companies that systematically nurture diversity can support opportunities for growth more quickly and have a better understanding of their customers. Siemens is in daily contact with over two million customers everywhere in the world and only an employee base that is similarly diverse can handle the requirements of such a broad group.

Our understanding of diversity is that it is the inclusion and creative collaboration of different modes of thinking, cultural backgrounds, experiences, types of expertise and individual qualities, across all levels of our company. A study by Forbes magazine showed that diversity improves employee satisfaction, makes it easier to recruit talented new employees, improves customer relationships and drives creativity. Diversity has a long tradition at Siemens: in fiscal 2008, the company had over 427,000 employees in around 190 countries and in our ten biggest markets alone we employ people of 140 different nationalities.

For an integrated technology company like Siemens, diversity is of particular relevance. Studies show that heterogeneous teams are more productive and more successful. The reason is that diversity drives creativity which in turn fuels innovation. Against this background, we as Siemens must continue to use the creative potential of all our employees to the fullest extent to remain successful in the future. Recognizing diversity as a key component of the company's strategy, the Siemens Managing Board decided to launch the Siemens Diversity Initiative.

Diversity in practice: Employees of over 140 different nationalities work at Siemens.



New Chief Diversity Officer

In November 2008, Jill Lee was appointed Chief Diversity Officer (CDO) by the Siemens Managing Board. She is responsible for diversity management globally. Jill Lee will develop the Diversity Initiative to ensure that the management ranks are filled by the best employees from the full breadth of our global talent pool. Our goal is to anchor diversity and essential processes that foster diversity throughout our company by 2011.

We are not, however, setting any quotas. We are interested in conducting a broad search for talent and recruiting the best candidate for every position irrespective of individual backgrounds and personal characteristics. To measure progress, Jill Lee and her team are currently developing smart key performance indicators and plan to publish them in the next Sustainability Report.

Strategic focus

At Siemens we are fostering diversity through the levers of composition, connection and communication. Through the diverse composition of our workforce, the connection of a wide variety of talents in target-oriented networks and groups and the strengthening of awareness and visibility through communication, we will promote diversity in the company and become a benchmark in this area.

Demographic change and the increasingly tougher competition for talent are also important factors that have influenced our Diversity Initiative. Qualified experts and managers are increasingly harder to recruit in the industrialized countries. This challenge is compounded by the need to meet the different and rapidly changing demands from the emerging global markets. A diversely composed talent pool is thus a fundamental prerequisite for our long-term success. Siemens is systematically endeavoring to promote the intake of employees with a rich mix of different experiences, expertise and backgrounds so that we can respond to the challenges and requirements of our markets.

We focus on recruiting top talents from all over the world and offering them prospects within the company.



By connecting young talents and experts locally and internationally, Siemens enhances the contribution of each individual employee. This also enables a lively exchange to take place between employees throughout the company, which reinforces our strengths as an integrated technology company. The Diversity Initiative integrates existing networks and groups and adds to them for specific purposes: one example is the GLOW (Global Leadership Organization of Women) network that was launched in March 2009. The focus of all our activities is Siemens' businesses and the added value that groups and networks can generate.

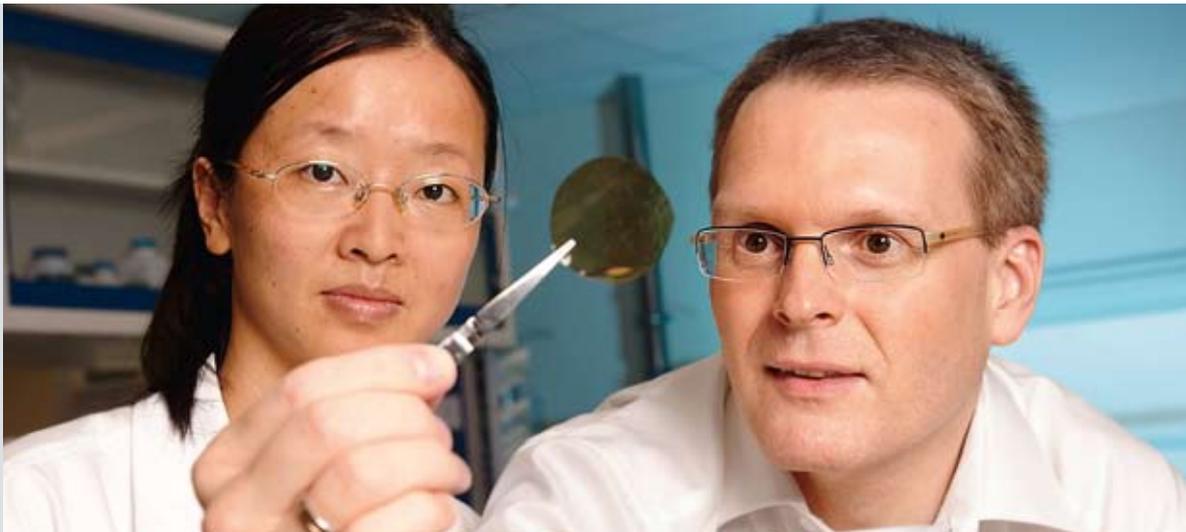
Communication is an important pillar of the Diversity Initiative's strategy of raising awareness of diversity and creating understanding of its purpose. Jill Lee is thus actively encouraging internal and external dialogue with various stakeholders. She is, for example, running an internal blog where Siemens employees from all over the world can have contact with her. In addition, she is encouraging the interaction of our diversity networks with external organizations such as institutions of learning, global diversity organizations and other relevant bodies.

Sustainable success through diversity

The mix of abilities, experiences and qualifications throughout our company creates many competitive advantages for us in a global context.

Diversity at Siemens relates to ideas as much as to people: we must respect our employees as individuals, and recruit and promote them according to their professional merit, while at the same time valuing the advantages of different ways of thinking and backgrounds and using them to the benefit of the company.

Diversity is essential if we want to promote innovation and accelerate sustainable growth.



Diversity as a strategic advantage

Statement by Jill Lee, Chief Diversity Officer



“At Siemens, we understand diversity to mean the inclusion and interplay of different modes of thinking, cultural backgrounds, types of expertise and experience across all organizational levels.”

Jill Lee has been responsible for Siemens’ global diversity strategy since November 2008. For her, diversity is a key success factor.

Our people’s broad range of individual strengths is of outstanding importance for our entire company. Siemens intends to become a benchmark of diversity. We are committed to creating an environment in which talented individuals are empowered to assume key functions at our company – all around the world.

We need to make our management ranks more multi-faceted, with talented women and men representing a variety of ethnic backgrounds and cross-generational perspectives, people with diverse knowledge and experience.

Diversity is not about altruism; it’s a prerequisite for our company’s sustainable success. The more diverse the thinking and experience in a talent pool are, the more innovative ideas are generated.

In a world characterized by demographic change and intensifying competition for talent, diversity is crucial. Only if we – a global technology company – can recruit the very best people and give them the opportunity to develop their talents can we achieve profitable growth in the long term.

Management

In recent years we've defined guiding principles for virtually every area of responsibility and have introduced management systems at locations all over the world, because effective corporate responsibility practices rely on binding rules and guidelines. And because we have a clear goal: By 2010, we want to be the benchmark for transparency and compliance.

- In a major global technology company like Siemens, creating the right framework of processes and procedures enables every employee to consistently perform at their best and to help safeguard the company's continued success. This is as true for operations like product innovation, solution development and production as it is for value-supporting processes such as environmental stewardship, employee management, and supplier management.
- Clearly defined goals, carefully coordinated with company strategy, provide us with invaluable guidance and orientation in our day-to-day business and enable us to track and score our own performance. We do this using systems that help us to implement our goals and to ensure that the entire company acts in accordance with the same fundamental principles.
- In every area of corporate social responsibility, we've set the right course to enable us to meet today's and tomorrow's challenges systematically and to align our business processes to them.

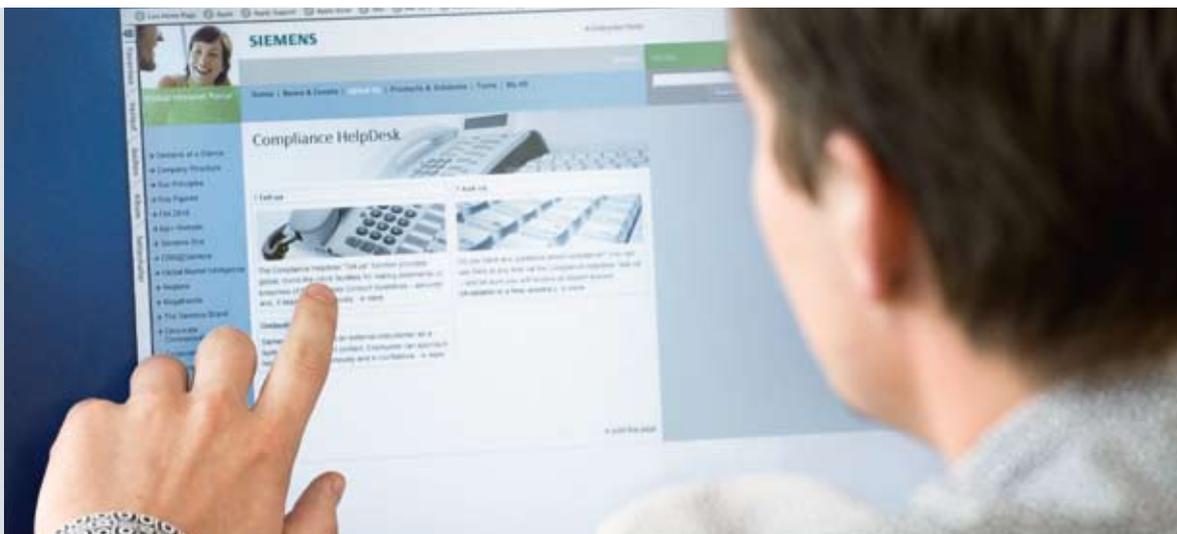
Compliance

Clean business everywhere and at all times: This principle guides our actions and our company culture, without any ifs, ands or buts. Worldwide, all Siemens managers and employees are bound to a fundamental rule: Zero tolerance for corruption. All business activities have to comply with applicable laws and regulations. To fight corruption, Siemens also has internal regulations that are binding worldwide.

A good reputation is a company's greatest capital. In the past we endangered this reputation, as we did not succeed in anchoring compliance throughout the company as an integral part of our corporate responsibility. Compliance was not sufficiently integrated in our business practices, contrary to the existing internal regulations.

In the period covered by this report we have therefore continued to work on clearing up all compliance violations and instigating the relevant disciplinary measures. Thanks to our full cooperation with the investigative authorities, our uncompromising response to all incidents and our comprehensive Compliance Program, the investigations of Siemens in Germany and the U.S. were simultaneously terminated with a fine of €1 billion. On this occasion we published a summary of the events of the past two years.

The compliance helpdesks: Here, our employees can find comprehensive support for their daily business activities. Using the "Tell us" helpdesk, all of our stakeholders can report possible compliance violations.



In a separate chapter on public corruption proceedings in the 2008 Siemens Annual Report, we reported in detail on governmental and related proceedings as well as civil litigation. This includes an account of the company's reaction to accusations of non-compliance with the anti-corruption laws and a report on the current antitrust proceedings.

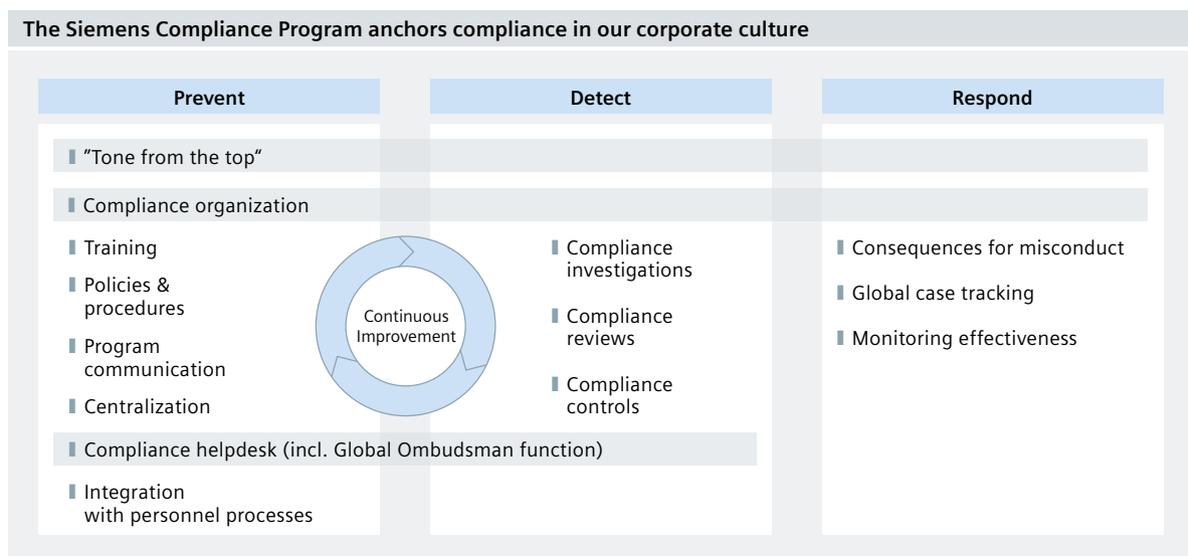
In order to ensure the continuing effectiveness of our entire Compliance Program, in fiscal 2008 we set the following strategic tasks:

- Establish a compliance organization appropriate to the size, role and particular situation of Siemens,
- Create an awareness in the company of the risks of corruption and give employees worldwide basic knowledge of the international laws and internal guidelines,
- Establish a control system to identify and remove weak points, and
- Win back the trust of our stakeholders.

The Siemens Compliance Program

Each and every one of our employees must fully understand that only clean business is Siemens business, and that there will be a rigorous response to any violations of this principle. By integrating compliance into our business activities, we ensure that observing laws and regulations is a pillar of our corporate culture. We involve our business partners and suppliers in our compliance activities, since this is the only way to combat and prevent corruption effectively. In addition, we promote joint commitment to avoid corruption among the participants in the markets where we are active.

Our new Compliance Program is based on a clear system embracing all compliance measures:



The “tone-from-the-top” principle – direct responsibility of management

The behavior of managers plays a decisive role in the creation of an integrity culture. “Only clean business – everywhere and at all times. Compliance has the highest priority at Siemens as part of our corporate responsibility.” All Siemens managers are required to spread this message from Siemens President and CEO Peter Löscher throughout the company. By the end of the period being reported, members of the Managing Board, the Chief Compliance Officer and top managers of the compliance organization had visited a total of 54 Regional Companies. The visits focused in particular on those countries that are especially important for the success of the Compliance Program due to their high business volume or existing corruption risks. Our top management acted as compliance ambassadors and spoke at employee town hall meetings and with local managers about the importance of compliance. These efforts paid off, because a worldwide employee survey on compliance conducted in the summer of 2008 confirmed that our messages have reached our employees.

During these talks, we also made it clear that responsibility for adhering to our compliance regulations ultimately rests with the management of the respective company unit, and that the compliance organization provides the necessary processes and support. To firmly anchor this responsibility throughout the company, we introduced a so-called Compliance Review Process. This ensures that our management and the compliance organization meet and discuss the status of the Compliance Program at the various levels of the company on a quarterly basis, follow its implementation, and determine major developments and cases. By making compliance a solid component of the compensation system for our upper management, we have further intensified our top management’s direct responsibility for compliance.

Our compliance organization

An average of 170 employees worked for the company-wide compliance organization in fiscal 2007. At the end of the period being reported, there were about 600 employees involved with compliance themes in the company. Of these, around 80 employees work at corporate headquarters and the rest are distributed in nearly equal parts in the Sectors and Divisions as well as our Regional Companies. Today, compliance is a full-time job with absolute priority.

The Siemens CR website offers a detailed presentation of the structure and tasks of the Siemens compliance organization.

Our compliance organization has been designed to provide interfaces and full transparency with other staff functions as well as with the company’s operational units. We see the work of the compliance organization as an important career step for the respective compliance employees. This is backed by a Competency Management Program initiated together with Corporate Human Resources to systematically support and promote employees in the compliance organization.

Compliance conferences in the Regions and regularly scheduled meetings with our worldwide Compliance Officers support our goal of strengthening cooperation within the compliance organization and exchanging best-practice examples.

Practicing integrity

Incentivizing compliance

At Siemens, compliance is a solid criterion for determining the bonuses of our senior management. This is helping to firmly anchor compliance in all company processes and in the Siemens corporate culture.

It is not about rewarding behavior that complies with laws and regulations – for we expect that from all of our employees. Rather, our compliance-based incentive system is intended to encourage every Siemens manager to rigorously implement the Compliance Program in his or her area of responsibility and thus help build up a culture of integrity within our company.

Compliance as part of the compensation system

In fiscal 2008, compliance components comprised around 17 percent of the annual bonus of our senior management. Evaluations for these components are made individually in each Division and Regional Company. These evaluations cover three aspects of compliance:

- Implementation of the compliance controls: This includes, for example, providing an organizational framework for legal conformity, the compilation and reporting of suspicious cases, communication measures, and training and counseling for fighting corruption. In the formalized evaluation, the “tone from above” is assessed. One also appraises whether the management is making the importance of compliance absolutely clear within the organization and is actively promoting good practices through employee training.
- Effectiveness of the Compliance Program: This criterion includes the speedy clarification and sanctioning of compliance cases within the company.
- The results of employee surveys on compliance at Siemens: We consider the compliance awareness of our employees as an essential part of our com-

pany-wide culture of integrity, and measure this awareness with the help of company-wide employee surveys.

On the basis of an overall evaluation of these three aspects, the so-called Compliance Round Table makes suggestions for multiplying factors that determine the size of the respective bonus. These factors range from 0.75 points (worst performance) to 1.25 points (best performance). The company average in the past fiscal year was 1.1 points, or better than average. The size of the bonus for fiscal 2009 will also depend in part on reaching compliance goals.

Initial success

In its very first year, this incentive system proved to be an important driver and was a decisive contribution toward getting our new internal control system implemented on schedule, supporting management in clarifying corruption cases, and giving our employees a far greater awareness of the problematic issue of corruption as well as a new attitude toward this issue.

Further information online:

- > Compliance at our corporate website www.siemens.com/compliance

Our Compliance Program

1. Prevent

Compliance regulations

The heart of the Siemens Compliance Program is the company's Business Conduct Guidelines, which were approved in a revised form by the Managing Board in January 2009. In these Guidelines, we clearly expanded the criteria for fair competition and anticorruption to include regulations forbidding money laundering, and for dealing with trade controls and suppliers. The revised Business Conduct Guidelines go far beyond rules for complying with regulations and laws and fighting corruption. In his foreword to the Business Conduct Guidelines, Siemens President and CEO Peter Löscher emphasizes our fundamental position: Only clean business is Siemens business.

The appendix to the new Business Conduct Guidelines now includes a personal pledge to comply with the principles of the Global Compact of the United Nations, the United Nations Convention against Corruption as well as other international agreements and regulations. Siemens not only expects each and every employee to comply, but also its suppliers and business partners.

A comprehensive set of compliance regulations supplements the Business Conduct Guidelines and handles compliance, for example in transactions such as mergers and acquisitions, as well as questions regarding sponsoring and donation activities.

In the period being reported, we began to simplify essential compliance regulations while retaining their strict standards, and to integrate these regulations more effectively in our business processes. One example here is the new Business Partner Policy: In mid-May we began to submit all our business partners who have an intermediate function between Siemens and our customers to a standardized risk check. This is carried out with an electronic tool. On the basis of specific risk indicators – such as corruption risks in the respective country – the business partner is assigned to a risk category (high, medium, low) that determines subsequent proceedings. To date, over 11,500 business partners have been classified using this process and are handled according to their risk category when it comes to payments or signing a new contract.

A similar procedure also applies to the approval process for project business at Siemens (Limits of Authority). Possible contracts are not only assessed for their financial and technical risks, but also for their specific compliance risks.

The strict compliance with laws and regulations and the rejection of all forms of corruption are also core elements of the Code of Conduct for Siemens suppliers. All Siemens suppliers are bound to comply with the behavior regulations in the Code. Appropriate processes have been introduced in the company to monitor adherence to the Code or will be rolled out company-wide upon completion of the pilot program in the course of fiscal 2009.

Training and additional communication measures

In implementing its Compliance Program, Siemens is focusing on training its employees. Since 2007, we have trained well over 200,000 employees in compliance matters. The company's top management also took part in intensive compliance training. We placed particular emphasis on training for functions such as legal, procurement and sales. Worldwide, all new Compliance Officers must take a four-day introductory course.

In addition to its training program, Siemens is carrying out numerous further communication measures to firmly anchor compliance awareness throughout the company. Employees and management are informed of new compliance measures and developments as quickly as possible via the intranet and special e-mails. In addition, *SiemensWorld*, our worldwide employee newsletter, regularly reports on compliance themes. And the compliance organization has its own monthly newsletter.

Centralization

During the period being reported, we also centralized the company's Legal and Audit functions. This ensures uniform working processes and higher quality standards. Another focus of our centralization of key control mechanisms was the company's payment transactions. The task here was to sharply reduce the number of the company's bank accounts. In addition, we completely prohibited the holding of cash, with strictly controlled and documented exceptions. Outbound payments are centrally and thoroughly controlled when the risk factors so indicate – such as payments made in countries with high risks of corruption.

The “Ask us”, “Find it” and “Approve it” compliance helpdesks

All Siemens employees worldwide have the possibility of submitting questions about the Compliance Program, its interpretation and practical applications via e-mail to the helpdesk using the “Ask us” function. We have recently added the “Find it” function, which provides access to a compliance knowledge base that includes all internal compliance guidelines, relevant national laws and regulations, as well as compliance-related training materials. The new “Approve it” function also helps prevent corruption by having the compliance organization centrally pre-process and document applications for gifts and invitations.

Integration of compliance in personnel processes

As one of the first companies worldwide, Siemens has made compliance part of its compensation system for upper management. The new “Compliance-Related Incentive System” embraces around 5,500 managers worldwide. In fiscal 2008, approximately 17 percent of a manager's annual bonus depended on reaching defined compliance goals.

Another important tie between compliance and our personnel processes is the compliance screening of employees who are to take over a key position in the company or a job in compliance, auditing or the legal department. Candidates are screened prior to the final selection to see if there are any indications of misbehavior that could jeopardize a promotion. The candidates are informed of this screening prior to the procedure.

2. Detect

The “Tell us” compliance helpdesk

In addition to the various functions for prevention, the compliance “Tell us” helpdesk offers a so-called whistleblower hotline, where possible compliance violations can be reported by phone in virtually all languages. This hotline is available to employees and third parties around the clock and is operated by an independent service provider. This enables individuals to provide anonymous and protected tips that are then immediately passed on the helpdesk. The tips are subsequently reviewed in a committee to see if there is justified suspicions that require further measures or an investigation.

Since early 2007, Siemens has also had an independent legal ombudsman, who is also available for personal talks with employees and third parties.

Compliance investigations

As part of the new Compliance Program, we have introduced a special investigation program used to check for possible compliance violations – such as those reported to the “Tell us” helpdesk, the ombudsman or to the company through the authorities. The investigations are conducted by the newly created Compliance Investigations Department or our Audit Department. The investigation process takes into account the presumption of innocence, the codetermination rights of the Central Works Council, and the data protection laws. Completed investigations are reviewed to ensure that identified compliance deficits are eliminated and whether structural weaknesses were evident in the implementation of the Compliance Program.

Compliance reviews and controls

Along with the Compliance Investigations Department, the new central audit organization has its own Compliance Audit Department that regularly monitors implementation of the Compliance Program.

The compliance reviews and controls were particularly important in the period being reported in testing the so-called Implementation Tool Kit Anticorruption. By the end of March 2008, a total of 56 “high-risk entities” and an additional 106 units with especially high business volumes had to locally implement over 100 controls for the Compliance Program. These controls were designed to test, for example:

- The verifiable communication of the Compliance Program,
- The development of the compliance organization,
- The reporting and pursuit of compliance cases,
- The carrying out of training programs,
- The implementation of standards for treating business partners,
- Or the centralization of payment transactions.

Our audit tested, in a multi-stage procedure, how successfully the controlled units had implemented all of these measures. The results of this audit were then used as part of the compliance components in the variable compensation share of senior managers of the respective company units.

All other company units will also have introduced the anti-corruption controls by the end of fiscal 2009.

3. Respond

Disciplinary pursuit of violations

In August 2007, we set up the Corporate Disciplinary Committee (CDC), which evaluates proven misbehavior by members of the management on the basis of internal findings or investigations conducted by authorities, and makes binding recommendations for actions to end such behavior. In the period being reported, we undertook 909 compliance-related procedures worldwide involving employees, including over 200 dismissals.

In coordination with U.S. authorities and the Munich Public Prosecutor's Office, we offered employees below the top management level an amnesty program from October 31, 2007 to February 29, 2008. The prerequisite for requesting amnesty was that the employees would have to cooperate fully with the investigation and provide comprehensive information on cases of corruption in the company.

The offer of amnesty included a waiver of damage claims and an agreement not to dismiss the employee. A total of 123 employees submitted amnesty requests, and the majority of them provided valuable information needed for clarifying compliance violations in the past. We granted them amnesty.

Worldwide pursuit of compliance violations

Information provided to the compliance organization regarding possible compliance violations is processed and pursued centrally. All registered incidents are checked with the company's finance and tax department as well as with the company's independent auditor for their relevance to the company's financial statements. These incidents are then included in the report submitted by the Chief Compliance Officer to the Managing Board and to the Compliance Committee of the Supervisory Board.

Monitoring the effectiveness of the compliance measures

The system run by the compliance organization – such as the Business Partner Tool or the numerous functions of the helpdesks – is continually evaluated for its effectiveness. This assessment has two goals: We want to identify developments as quickly as possible, and we want to monitor the program's functionality and scope of applications throughout the company with the help of plausibility tests and sampling. These monitoring activities differ from the formal tests conducted in the course of the Compliance Audit.

Continuous improvement

We continually work on improving our Compliance Program. Key sources fueling our ongoing improvement of the Compliance Program are the information and insights gained from the analysis of structural weaknesses and from data gathered in the course of the Compliance Reviews.

The first worldwide employee survey on compliance conducted in the period being reported delivered important and specific indications of where implementation of the Compliance Program needs to be improved. On the basis of the survey results, our Sectors, Divisions and Regional Companies defined specific improvement projects and are implementing them. In addition, the results of the 2008 employee survey enabled us to precisely measure the effects of the implemented compliance measures.

Promoting fair competition

Collective action

Our compliance infringements and their consequences have led to a greater awareness, both inside and outside Siemens, that corruption is a criminal act and that it undermines countries' economic and social development.

Corruption presents a difficult problem for scores of companies: They operate in markets in which corruption is commonplace, but by eschewing corrupt practices they suffer significant competitive disadvantages. The consequences for us in this kind of situation would be that we pull out. But there's another option: Collective action – by businesses, non-governmental organizations (NGOs) and policymakers – can help to build a business environment in which clean business practices don't disadvantage companies.

Collective action can combat corruption in the following ways:

- The formation of integrity pacts between clients and suppliers regarding award procedures for specific projects or other procurement measures
- Industry-specific codes of conduct and compliance pacts backed, importantly, by key players
- Long-term initiatives that heighten public and policymakers' awareness and help to bring about improvements to legal frameworks (such as legislation on the award of contracts) and the enforcement of laws

What all these methods share in common is that they represent a multi-stakeholder approach: They require rival businesses, government authorities, NGOs and other stakeholder groups to act in concert. Likewise crucial to any such form of collective action is that all those taking part sign up to specific codes of conduct and agree to accept effective controls and sanctions.

Collective action offers Siemens concrete opportunities to work with government authorities, NGOs, competing companies, and other stakeholders to make a lasting contribution toward creating fair and equitable markets. Collective action therefore has a central place in our Compliance Program.

Our policy of collective action includes participating in initiatives and organizations for combating corruption. One example is our involvement in a World Bank Institute collective action working group. We are also an active member of the working group for the tenth principle (anti-corruption) of the UN Global Compact and of the Commission on Anti-Corruption of the International Chamber of Commerce (ICC). A pilot process is currently underway to implement the results.

Since February 2009, Siemens has been a member of the World Economic Forum's Partnering Against Corruption Initiative (PACI). Launched in 2004, the initiative unites more than 140 major industrial companies in the fight against corruption on the part of private-sector suppliers. Siemens President and CEO Peter Löscher signed the PACI principles in December 2007. Since then, Siemens has participated in PACI meetings as an observer.

Further information online:

- > World Bank Institute: Collective action
www.siemens.com/wbi
- > Siemens membership at PACI
www.siemens.com/paci-membership

Collective action

To effectively fight corruption, however, collective action must be taken throughout the world: The efforts of individual companies alone are not enough.

Working together with the World Bank Institute and other partners, Siemens developed a Collective Action Guide for fighting corruption and published it in June 2008. It provides practical guidelines on how to work out and implement integrity agreements with competitors and customers. Such agreements are the prerequisite for corruption-free competition. Siemens is actively working toward this goal in 2009 and has joint projects with partners from industry and the public sector to implement it.

Outlook

Following the successful introduction of the Compliance Program with its key elements prevent, detect and respond and the work to continually improve the Program, the primary task now is to ensure a sustainable anchoring of the compliance regulations within the company and its culture. In the end, this is about a comprehensive and long-term "Change Management Process." Especially important here is to have the company's management provide the right communication of compliance. Compliance must be understood by everyone in the company as a natural part of the business processes. Dr. Theo Waigel appointed by Siemens as Independent Compliance Monitor as part of the settlement with the U.S. authorities, will follow and evaluate how this process progresses in the company in the coming years.

Dr. Theo Waigel, Germany's Federal Minister of Finance from 1989 to 1998, is serving as Compliance Monitor and reports to the U.S. Department of Justice and the Securities and Exchange Commission (SEC) on the effectiveness of our compliance measures.



Further information online:

- > Compliance at our Corporate Website
www.siemens.com/compliance
- > Siemens Annual Report
www.siemens.com/annual-report
- > Siemens AG reaches a resolution with German and U.S. authorities
www.siemens.com/sec-resolution

Environmental protection

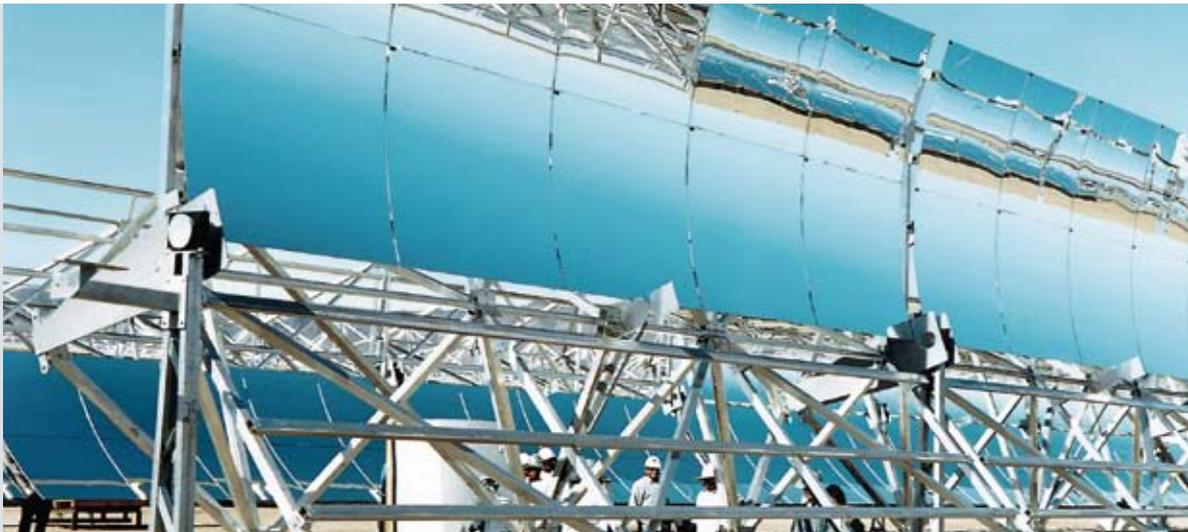
Protecting the environment is not just sound business practice and part of our duty as a good corporate citizen, but is also a key success factor for our company. By employing innovative manufacturing methods and maintaining high environmental management standards, we work to overcome environmental challenges all over the world.

Climate change, dwindling raw materials, pollution, and rising energy and raw material prices require that we constantly improve our environmental performance and implement tough environmental standards wherever in the world we operate. At the same time, by making more efficient use of resources, we can achieve significant savings. So in short, industrial environmental protection also pays off economically.

Worldwide environmental management

Our system of worldwide environmental management is based on the Siemens Business Conduct Guidelines. They are the foundation of the environmental protection and technical safety principles which define areas of responsibility, lines of reporting, and monitoring and review processes throughout the company. Specific environmental issues – relating to industrial environmental protection, hazardous materials, or fire prevention, for instance – are covered in more detailed company regulations and guidelines. These also clearly define environmental responsibilities at every level within Siemens and in our Regional Companies.

A sustainable supply of energy, thanks to Siemens technology: Equipped with 219,000 mirrors, our solar thermal generating plant in the Nevada desert supplies 14,000 households with clean power.



One of our central environmental management tasks is to record important data and keep track of our environmental performance. We do this using the Siemens Environmental and Technical Safety Information System (SESIS). The system covers all company locations that exceed certain defined thresholds for resource consumption or for waste volumes. These thresholds equate roughly to the consumption and output typical of locations with an employee population of 75 or more people, or a net floor area of more than 5,000 square meters. Locations that exceed other thresholds or have plants and installations that require authorization or notification must also deploy an environmental management system consistent with the international ISO 14001 standard.

Thresholds mandating environmental reporting and environmental management systems		
	Threshold mandating environmental reporting	Threshold mandating environmental management systems
Primary energy	> 1,000 gigajoules	> 5,000 gigajoules
Secondary energy	> 1,000 gigajoules	> 10,000 gigajoules
Waste water (from manufacturing and employee facilities)	> 1,500 cubic meters	> 5,000 cubic meters
Hazardous waste	> 1 ton	> 10 tons
Non-hazardous waste	> 50 tons	> 250 tons
Coolants (e.g., R22)	> 50 kilograms	–
Direct greenhouse gases (equivalent)	> 1,000 tons	–

Our environmental reporting for fiscal 2008 covers 315 locations in 37 countries, including 175 in Europe, 98 in the Americas, and 42 in the Asia-Pacific region. Based on our entire workforce, including employees at those locations not required to submit environmental reports, this amounts to a coverage of 72 percent.

To ensure the quality of our environmental management systems, we rely on independent audits. Our Divisions, however, are free to choose between having their management system externally certified or conducting their own internal audits. Even so, these audits must satisfy the requirements laid out in ISO 14001 and be consistent with external certifications. Newly acquired businesses have three years in which to align fully with our environmental management requirements.

In fiscal 2008, 182 of our organizational units had externally certified environmental management systems, and a further 12 locations conducted internal audits.

Company environmental program

We're currently operating a company-wide environmental program aimed at achieving a 20-percent improvement in energy efficiency, CO₂ emissions and water consumption, and a 15-percent reduction in waste volumes by 2011. Our performance is computed on a portfolio-adjusted basis and normalized against location revenues. It reflects efficiency changes for each separate environmental factor.

Now in its second year, the program encompasses a number of additional initiatives for achieving our environmental targets. Several projects, including our Innovation in Manufacturing and GreenBuilding initiatives, now underway at the location, Division, and company level are helping to boost our environmental efficiency. In addition, our Divisions have defined their own roadmaps to ensure that any gaps left by environmental management systems can be identified and eliminated quickly.

How we reduce costs and protect the environment at the same time

Innovation in Manufacturing

Climate change, rising energy prices and the need to use materials more efficiently are just some of the challenges facing Siemens. Our Innovation in Manufacturing Initiative leverages recent advances and new ideas that help us overcome these challenges at an early stage in our manufacturing operations and processes.

At our Innovation Day 2008, we presented the results of a number of the projects that have emerged from this initiative to our President and CEO Peter Löscher, Hermann Requardt, our Managing Board member responsible for technology and environmental protection, and a number of plant managers. The best-practice examples showcased at the event reflect how we're successfully combining environmental protection with costs savings and how this is helping to advance our environmental goals.

Energy Health Check

One specific initiative is the Energy Health Check, currently in progress at Siemens locations. It is helping us to improve our manufacturing sites' energy performance and energy management. Essentially an energy management system audit, the Energy Health Check encourages facility management at our locations to identify and capitalize on specific energy-saving potential.

To date, Siemens has conducted an Energy Health Check at 20 percent of its larger locations. We will be making a high double-digit million-euro investment to implement the identified improvement measures, and it is planned to carry out the Energy Health Check at further relevant locations in the coming months.

Continuous improvement

As good as our present performance is, there's still room for improvement. Our Mobility plant in Braunschweig, Germany, is a case in point: It achieved excellent results during the Energy Health Check in November 2008, scoring four out of a possible five points, yet the plant's environmental management system still regularly identifies and evaluates energy saving potential.

In instances where this potential represents a significant quantifiable benefit, we set specific targets to exploit it. The plant engages in a process of continuous assessment, and this is important, because operating environments, conditions and technologies change, and regular reviews mean we can keep finding new ways to save energy and improve performance.

Energy saving measures

The refurbishment of the compressed air network at our Braunschweig location exemplifies the energy-saving potential that we can utilize by modernizing buildings. Replacing the old system of pipes and eliminating compressed air leaks is saving us roughly €35,000 a year in energy costs as well as around 195 tons of CO₂ emissions.

The repair and refurbishment of an office building at the same site has also helped us to achieve considerable savings. We replaced the existing lighting installations with work-station floor lamps that feature ambient light control and occupancy detection, creating additional savings of €3,300 a year and roughly 20 tons of CO₂. ▶



The solar energy system at our location in Sacramento.



Our locations all over the world have access to the latest information on eco-efficiency.

Heat and power cogeneration

When the heating system was modernized at our industry automation location in Fürth, Germany, management decided to install a combined heat and power plant (CHP). Besides generating electric power, a CHP also exploits the heat produced in the process to make maximum use of the energy input. The CHP plant in Fürth, Germany, generated 1.85 MWh of power with an overall efficiency of 84 percent during fiscal 2008.

Solar

Our Mobility Division in the U.S. is using photovoltaics to generate solar power. In December 2008, employees at our Sacramento site began operating a new 1-megawatt solar energy system. Built with the help of Siemens Building Technologies, the photovoltaic installation saves around 737 tons of CO₂ emissions a year. The system is expected to cover around 50 percent of the location's manufacturing power requirements.

Materials efficiency

Our Innovation in Manufacturing Initiative doesn't focus solely on energy use. A working group comprising specialists and executives has been set up to spearhead innovation projects in a variety of fields, such as welding technology and materials management. The group will review proposals and initiate pilot projects designed to make more efficient use of resources. Crucial to these efforts is a comprehensive knowledge management program, set up to ensure that our locations all over the world have access to the very latest information on eco-efficiency.

Further information online:

- > Efficient Siemens solutions for the complete energy value added chain
www.siemens.com/energy
- > Environmental policy
www.siemens.com/environmentalpolicy
- > Research and development at Siemens
www.siemens.com/innovations
- > Siemens answers
www.siemens.com/answers

We believe in honoring company employees who show exceptional dedication to promoting environmental protection, and hold our in-house Environmental Award competition every three years. The next competition in fiscal 2009 will include new prizes honoring two locations, a Regional Company and a Division that have made outstanding contributions to our company environmental protection program in addition to the established categories, “Environmentally compatible products and solutions,” “Environmentally compatible processes” and “Environmental management and environmental social commitment.”

Company car and service fleet CO₂ emissions

An initiative centered on executive company cars in Germany is making a valuable contribution toward reducing CO₂ emissions. In February 2009, we introduced financial incentives to encourage executives to choose a car with lower CO₂ emissions. The less CO₂ a chosen car produces, the less an employee has to pay toward it. And those who choose not to have a company car at all can claim a mobility allowance of €650 (gross) a month. Parallel to this, we’re taking steps to ensure that the cars in our service fleet and the cars used by employees who spend a lot of time on the road are ecofriendly. By 2010 we want the CO₂ emissions of all company cars in Germany to average less than 130 g/km. To put this in perspective, the figure for newly registered cars in Germany in 2007 averaged roughly 170 g/km.

Nature and wildlife conservation

Nature and wildlife conservation play an integral part in environmental protection. How these concerns are integrated both at location and at project level in our environmental management systems can be seen at our Mobility Division in the UK, for instance, where we hold training courses on conservation for project team members and have developed and piloted a special training module on the subject for worldwide use. Mobility UK examines possible nature and wildlife conservation issues when they introduce new projects, with project plans containing a section on ecology, an annex with project-specific information on protected areas and species, and a matrix for rating activities’ impacts on the environment, including flora and fauna.

Nature and wildlife conservation form an integral part of our efforts to protect the environment.



Aware of the importance of nature and wildlife conservation, we're currently operating an exemplary initiative at our Anhangüera location in Brazil, our Regional Company's headquarters. The location's extensive 113-square-kilometer site includes 45 square kilometers of protected Atlantic rainforest. Traversing the forest is a nature trail, originally created for school kids. In an effort to raise awareness about biodiversity, Siemens retirees conduct guided tours for visitors in which they describe the forest habitat and its 25 indigenous plant species.

Internal environmental communications

Successful environmental management calls for targeted communications work. Effective employee communications and our employees' buy-in are both of major importance. As a values-driven company, our goal is to raise awareness throughout the workforce of the importance of environmental and climate protection. This is why we devoted an entire issue of *SiemensWorld*, our international employee magazine, to the subject. We've also set up a special intranet site on climate and the environment. Besides providing comprehensive information on our Environmental Portfolio and program, it regularly carries news on new "green" Siemens products, brief interviews with employees involved in environmental topics, and tips on water, energy and waste. The site also features a blog in which employees can actively discuss environmental topics and ask experts questions. To promote and communicate our values, we also produced a film that depicts what employees can do help protect the environment.

Our workforce plays an active role in protecting the environment. Here, Siemens employees are at work constructing a biomass cogenerating plant in Böblingen, Germany.



Further information online:

- > Environmental policy
www.siemens.com/environmentalpolicy
- > Environmental protection at Siemens
www.siemens.com/environmentalprotection
- > Worldwide reporting platform for environmental protection data
www.siemens.com/environmental-protection-data

How we're boosting buildings' energy efficiency

The GreenBuilding Initiative

Buildings frequently offer enormous scope for improving energy performance – a potential that we address with a range of energy-efficient, resource-conserving and emissions-reducing solutions tailored to customers' requirements.

Siemens Real Estate (SRE), the organizational unit responsible for Siemens' real estate, also supports our energy efficiency target. With the efficiency program for existing real estate, running since 2005, SRE has the right instrument for achieving this for selected buildings. The GreenBuilding Initiative comprises four elements spanning buildings' entire lifecycle.

1. Natural resources management

Our Natural Resources Management program (NRM) plays a central role here. Its purpose is to identify in detail, and utilize, potential for efficiency improvements in buildings – through the modernization of heating, ventilation and air-conditioning control systems, the replacement of drives with higher efficiency models, or the retrofitting of pumps and ventilators with frequency converters, for example.

To date, more than 100 buildings have been assessed and savings of almost €8 million achieved. The average payback period is less than two years. One prominent example is a company building from the 1970s at our Perlach location in Munich, Germany. Energy optimization measures here succeeded in reducing heating energy requirements by 34 percent and annual power requirements by 15 percent, and for the building's tenants this translates into an annual saving of €100,000. The building, along with another ten in SRE's portfolio, has been awarded a GreenBuilding label by the European Commission.

2. Sustainable building design

With careful planning and design, it's possible to limit a building's future primary energy requirements. This is what sustainable building design aims to achieve. Based on a range of energy efficiency measures, it defines performance targets and efficiency strategies for construction projects.

3. Life cycle costs analysis

Life cycle costs analysis is an instrument used by SRE during buildings' architectural design and engineering phases. Until recently, the focus was typically on the investment costs when selecting building components and systems. Now though, we can estimate component-specific occupancy expense – for cleaning, maintenance, and energy consumption – at an early stage in the planning, thanks to a cost assessment tool created specifically to meet the company's needs.

4. Green building certification

Green building certification is carried out during the planning and construction of real estate as a means of ensuring quality. With new build and refurbishment projects in European Union countries, Siemens implements the European Commission's GreenBuilding program. In countries not participating in the EU's GreenBuilding program, we obtain Leadership in Energy and Environmental Design (LEED) certification. Besides energy consumption, LEED certification applies a transparent and user-friendly catalog of criteria that takes into account sustainability factors such as the choice of land, efficient use of water, interior air quality, and materials. This ensures that all new builds and all major refurbishment projects are evaluated independently.

Product responsibility

Our Industry, Energy and Healthcare Sectors offer a portfolio of more than 100,000 products and solutions. Our infrastructure solutions and technologies for power transmission and healthcare influence the lives of many people. They have a direct and indirect impact on environmental protection. That's why, with our portfolio, we have a major responsibility to the environment and to society.

Due to climate change, one of our greatest challenges is to further increase the energy efficiency of our products and solutions. The management of substances in products and issues of product take-back and recycling also have a key role to play. Our product portfolio is huge, ranging from tiny sensors and light-emitting diodes to energy-saving lamps, from components for industrial automation to medical equipment, and from rail vehicles to full-scale industrial installations and power plants. In the broadest sense, the majority of our products and solutions relate one way or another to the generation and consumption of electric power. During our products' active use phase (which often accounts for 70–90 percent of the total energy consumption over their life cycle), they help customers make a significant contribution to climate protection by reducing harmful emissions.

Our Puritec water purifier uses ultraviolet light to kill bacteria in drinking water.



Our Environmental Portfolio

We unveiled our Environmental Portfolio in June 2008 at the Siemens Media Summit, our annual event for the world press. The Portfolio consists of exceptionally energy-efficient products and solutions, renewable energy systems and components, and a range of environmental technologies. In fiscal 2008, the Portfolio, including recently introduced components for wind power systems, generated around €19 billion in sales – roughly a quarter of our total revenue. A year earlier, revenue from products and solutions qualifying for inclusion in our Environmental Portfolio ran to around €17 billion. Our target is to increase Portfolio revenue to €25 billion in 2011.

The energy-efficient products and solutions and the renewable energy technologies in our Environmental Portfolio enable our customers to generate, distribute and use electric power as economically as possible. At the same time, they make a significant contribution to climate protection: In 2008 alone, new products and solutions deployed by Siemens customers helped to save 34 million tons of CO₂ emissions. Including Portfolio products and solutions in operation since 2002, the annual reduction in CO₂ emissions by our customers runs to around 148 million tons. That's roughly equivalent to the total CO₂ produced by New York, Tokyo and Berlin. In the years ahead, we want to greatly increase the contribution made by the Siemens Environmental Portfolio to combating climate change. Our goal by 2011 is to see our customers save 275 million tons of CO₂ a year with our products and solutions – an amount equivalent to the total output of six major cities.

We defined and applied the principles, criteria and processes on which our Environmental Portfolio and targets are based with the greatest possible care and attention. In fiscal 2007, the independent auditors PricewaterhouseCoopers (PwC) first reviewed and confirmed the Portfolio's revenue and CO₂ abatement in the utilization phase, as well as the methods by which we obtained these figures. Their audit followed criteria set by the World Business Council for Sustainable Development and the World Resource Institute's Greenhouse Gas Protocol. We've since commissioned PwC to conduct another independent audit of our data and methods, this time for 2008. Detailed information on the methods, criteria and processes used in evaluating the Environmental Portfolio, as well as the results of the PwC report, are provided in the brochure *Energy efficiency and environmental care* available at our website.

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Environmentally friendly power from renewable energy: In Lillgrund, Sweden, 48 Siemens SWT-2.3-93 wind power plants generate 110 megawatts of power.



World-leading green products and solutions

Siemens' Environmental Portfolio

Our Environmental Portfolio comprises energy-efficient products and solutions and environmental and renewable energy technologies that are helping customers to cut their CO₂ emissions, reduce lifecycle costs, and improve their environmental performance.

Our Environmental Portfolio consists of products that span the entire energy value chain – from power generation and distribution to the efficient use of energy in industry and the home. It also offers effective means of environmental and climate protection as well as cutting-edge technologies for water management and air pollution control.

Besides highly efficient combined-cycle power plants for low-emissions power generation, the Portfolio encompasses intelligent power networks, wind farms, energy-efficient lighting, efficient steel production using the COREX[®] method, and advanced locomotives designed for green mobility.

Developing Siemens' Environmental Portfolio

Once we'd defined our Environmental Portfolio in fiscal 2007 in our overarching Energy & Environmental Care strategy project, we worked in fiscal 2008 on implementing processes for the Portfolio's ongoing development and yearly reporting.

We incorporated recommendations from our financial auditors, PricewaterhouseCoopers, based on their audit of our 2007 data and processes. Responsibility for strategy and reporting lies with the corporate department in charge of product-related environmental protection. A network of people from all our Divisions coordinate content and processes and gather and assess proposals for new products and solutions. Once yearly, the Steering Committee on Innovation, headed by our Chief Technology Officer and staffed by Division CEOs,



With our high-voltage direct-current transmission technology, utilities can transport huge amounts of power long distances with very little loss.

convenes to decide on which new products and solutions to add to the Environmental Portfolio in the year ahead.

In fiscal 2009, we included the Siemens Environmental Portfolio in our Divisions' strategic planning processes for the first time. Marketing the cross-Sector Environmental Portfolio is one of the duties of Barbara Kux, Chief Sustainability Officer and responsible for Supply Chain Management on the Managing Board.

PricewaterhouseCoopers verifies our data

Auditors PricewaterhouseCoopers (PwC) reviewed and validated our Environmental Portfolio's data and processes for the first time in fiscal 2007. In 2008, they reviewed the Siemens Environmental Portfolio for the second time and validated our statements.

A key part of the audit assignment was to review the quality of our information on the portion of total revenue generated by environmental technology and the amount of CO₂ saved for customers so as to ▶

ensure it met the relevance, completeness, consistency, transparency and accuracy criteria set out in the Greenhouse Gas Protocol Initiative’s Accounting and Reporting Principles. Aimed at achieving limited assurance, the audit consisted primarily of analytical procedures and interviews, but also included a number of on-site spot checks in our Divisions. The results of the audit were documented in a PwC audit certificate.

Products and solutions for sustainable development

Increasing urbanization, growing shortages of natural resources, and related needs in terms of environmental and climate protection are all challenges that we, as an integrated technology company, can actively address with our green solutions portfolio.

Following is an overview of products and solutions from our Industry, Energy and Healthcare Sectors that reflects what our Environmental Portfolio is about and the kinds of answers we have to offer:

Industry Sector		
Examples of innovative solutions	Customer benefits	Environmental benefits
Diesel-electric hybrid drives for ships	<ul style="list-style-type: none"> – Power savings of up to 35 percent – Reduction in energy costs of more than 10 percent – Lower maintenance – Generation of additional power for on-board supply 	<ul style="list-style-type: none"> – Reduction of CO₂ emissions by up to 12 percent – Lower environmental impact from oxides of nitrogen and sulfur – Better use of energy
Traffic management systems	<ul style="list-style-type: none"> – Lower traffic infrastructure development costs – Lower environmental costs – Greater mobility – Less congestion 	<ul style="list-style-type: none"> – Reduction of CO₂ emissions by up to 20 percent (“Ruhrpilot” example) – Fuel savings as high as 20 percent – Pollution control in metropolitan areas (within thresholds)
Building modernization	<ul style="list-style-type: none"> – Exploitation of energy-saving potential, cost reductions – More quality of life for occupants – Reduction in maintenance costs – Savings recover original investment 	<ul style="list-style-type: none"> – Major reduction in energy consumption – over 40 percent – Significant reduction in CO₂ emissions – Greater use of eco-friendly materials – Installation of latest technologies with outstanding energy efficiency

Energy Sector

Examples of innovative solutions	Customer benefits	Environmental benefits
Combined cycle (GUD) power plants	<ul style="list-style-type: none"> – Higher efficiency than conventional generating plants – Greater flexibility, higher availability – Lower life-cycle costs – Lower fuel consumption – Reduction in operating costs 	<ul style="list-style-type: none"> – Significant reduction in CO₂ emissions – current combined cycle plants generated approx. 345 grams per kilowatt hour, compared to world average of 578 grams per kilowatt hour – More CO₂ emission reductions in the future – 40,000 tons a year through 2 percentage point efficiency gain compared to older power plant technology
Biomass power plants	<ul style="list-style-type: none"> – Capable of running on organic waste and materials – Extremely efficient due to heat and power cogeneration – High system availability thanks to industry-proven components 	<ul style="list-style-type: none"> – CO₂-neutral power generation – Fueled with natural and renewable materials
Gas-insulated power lines	<ul style="list-style-type: none"> – Highly reliable – Maintenance-free installation – Long operating life – Less fire risk than with conventional power lines – Lower operating costs – High transmission capacity 	<ul style="list-style-type: none"> – Low-loss power transmission – Exceptional electromagnetic compatibility – Unobtrusive in landscape

Healthcare Sector

Examples of innovative solutions	Customer benefits	Environmental benefits
SOMATOM Definition	<ul style="list-style-type: none"> – Fastest computed tomography scanner on the market – Sharp, detailed images – Differentiates between tissues types in a single scan – More patient-friendly: no beta blockers needed for cardiac exams, lower radiation dose 	<ul style="list-style-type: none"> – Energy saving of up to 30 percent compared to prior model – Contains 80 percent less lead than prior model – 97 percent recyclable
MAGNETOM ESSENZA	<ul style="list-style-type: none"> – Most affordable magnetic resonance imaging scanner – Powerful system supporting comprehensive range of diagnostics – Saves on power, facility and construction costs – Lower installation costs – Lower power and cooling ratings 	<ul style="list-style-type: none"> – Potential energy savings of up to 25 percent when installed – Significantly lower raw material consumption in manufacture – Requires no helium
Refurbished systems	<ul style="list-style-type: none"> – Inexpensive equipment, remanufactured but up-to-date – “Proven Excellence” quality standard, equivalent to new equipment – Tailored customer solutions available 	<ul style="list-style-type: none"> – Long product life preserves resources – Annual CO₂ reduction of 10,000 tons – Energy savings equivalent to 3,000 three-person households

Environmentally compatible product design

The key to the success of our Environmental Portfolio is environmentally compatible product design. This, alongside the health and technical safety of our products and solutions, has long since been a basic company-wide requirement defined in our Business Conduct Guidelines. We also comply with a number of in-house standards and guidelines – most notably, the Siemens SN 36 350 standard. It sets out the fundamental requirements for environmentally compatible product design across a product’s entire life cycle and is a mandatory part of the design and development process for all our new products and solutions. A special tool is also available to help developers evaluate the improvements achieved. All Siemens products and solutions are required to comply with the basic principles of environmentally compatible product design.

In the review period, we extended the SN 36 350 standard to cover additional systems and solutions. We did this to address two important factors: changes to Siemens’ portfolio and, as a consequence, the greater relevance of complex systems and industrial solutions. The new section of SN 36 350 centers on the overall life cycle of systems and solutions, from planning and procurement to construction and commissioning and subsequent decommissioning and disassembly. To take into account extensive differences in our Sectors’ requirements regarding the development of environmentally compatible systems and solutions, the standard’s new section is relatively general, and our Divisions must adapt and, if appropriate, extend it to reflect their specific needs.

Our goal is to further intensify environmentally compatible product design. That’s why, since fiscal 2008, we’ve had special coordinators for product-related environmental protection not only in the Divisions but also at the Business Unit level.

The three levels covered by the Siemens standard SN 36 350 on systems		
Company level	Division level	Business Unit level
Standard-based general guidelines for Siemens	Division guidelines derived from general guidelines	Business Unit’s interpretation of Division guidelines, incl. quantification of targets

We conduct life cycle assessments (LCAs) in accordance with the international DIN ISO 14040 standard to systematically analyze our products’ cradle-to-grave environmental impacts. With selected products and product groups from our extensive portfolio, we use LCAs to prepare eco-balances and analyses and compute their cumulative energy demand (CED). This approach creates the basis for continuously improving our products and enables us to give a precise account of their environmental impact. The energy consumption across a product’s entire life cycle is also an important issue, and we publish this information, in a large number of environmental product declarations and other places.

Particularly with large-scale projects like the construction of power plants or offshore wind farms, we assess the specific impacts on nature and the environment in eco compatibility checks – a proven and established approach to precautionary environmental protection as propounded by the ten principles of the UN Global Compact.

Environmental product declarations and labeling

We publish environmental product declarations (EPD) to inform our customers about our products' environmental performance. As part of our company environmental program, we plan to increase the number and coverage of the EPDs published by our Divisions by 2010.

The importance of product labeling is exemplified by the consumer goods sector, where it's an established means of informing customers about specific aspects of a product, such as its energy consumption. Siemens is currently helping to reframe an EU directive on energy performance labeling and is thus working to inform customers better and to promote greater market take-up for energy-efficient products. An example: Our Industry Division OSRAM marks its incandescent bulbs, high-voltage halogen lamps, compact fluorescent lamps and fluorescent tubes with familiar, standard European energy labels. OSRAM's extensive portfolio of energy-efficient products won the Division a prize in the Products category in the 2008 German Sustainability Awards as well as the Bavarian Energy Award (see also page 165).

Labeling may only be relevant for a relatively small number of our products because the vast majority of our business involves complex products, systems and solutions for business customers. Nonetheless, we take environmental stewardship just as seriously in the B2B sector.

Management of substances

We believe in avoiding the use of critical substances where possible. In situations where such substances are essential, we manage their use rigorously in line with the requirements set out in our in-house standard SN 36 350. We also define our own requirements regarding declarable substances part of the procurement and project agreements we sign with our suppliers. Because effective materials management requires careful communication and extensive information sharing along the supply chain, we're also actively involved in international efforts by organizations like the International Electrotechnical Commission (IEC) to standardize materials information.

At Siemens, management of substances is a task that extends well beyond company boundaries to include the entire supply chain. Statutory restrictions on the use of specific substances are nothing new, but legislators have introduced increasingly stringent requirements in recent years; at the same time, we've accorded materials management greater importance within the company. We implemented the European Union's RoHS Directive on July 1, 2006, restricting the use of certain hazardous substances (lead, for example) in electrical and electronic equipment. Although the Directive doesn't apply to many of our Divisions, we've started nonetheless to take steps to avoid RoHS substances on a voluntary basis as part of our Fit42010 program and are switching to lead-free soldering methods in our manufacturing operations. The goal is to avoid problematic substances and pollutants in anticipation of future customer requirements and expectations.

As a user, importer and producer of a variety of chemical substances, we're affected by REACH, a European Community regulation on the registration, evaluation, authorization and restriction of chemical substances. We're also involved in several organizations like ZVEI (the German Electrical and Electronic Manufacturers' Association) and the BDI (Federation of German Industries), chairing a number of working groups on issues ranging from RoHS to substance restrictions in China, as well as lecturing at events, and preparing sample responses to customer inquiries for the benefit by small and midsize businesses.

Product takeback and resource conservation

Long before the European Union's Waste Electrical and Electronic Equipment (WEEE) Directive came into force, we'd already widely implemented sound product stewardship practices on a voluntary basis. We of course meet the WEEE Directive's requirements by participating in community takeback systems in most EU member states in collaboration with industry associations or by working with individual recycling organizations on a contractual basis. You can find more detailed information on our corporate website.

Involving customers

We also involve our customers early on in product development processes. This allows us to take their needs and requirements into account and to make the most of market opportunities. Our Business Units can decide how, when and to what extent they engage with customers at this level, depending on the characteristics and dictates of specific industries and markets. We hold workshops for lead customers in our solutions business and in those product and services businesses that target a mix of customers, and we consistently feed customer input back into the development of future versions and generations of products. When we hand over plants and systems, we make sure our customers are fully informed about how to operate them safely and in accordance with sound environmental principles, and we provide the requisite environmental product declarations. And when acquiring new business, we take steps to inform customers about our products' and systems' benefits to the environment and society. In our experience, this works best in established customer relationships handled by an account manager, as is primarily the case with customers in those markets where we operate through Siemens One.

Societal aspects of product stewardship

The Siemens Access Initiative (SAI) exemplifies what we're doing to take the expectations and requirements of specific groups of customers into account in the products we develop. Launched ten years ago, this company-wide initiative aims to provide barrier-free products and services that people with disabilities can use with ease, without relying on the assistance of others. We're also working to identify new groups of users. For example, we view demographic change and the growing elderly population as an opportunity that offers new market potential. Besides having problems with physical barriers, the elderly often struggle with grasping and using new technologies – everything from Internet portals and software applications, to self-service systems, consumer electronics, household appliances, and communication equipment and services. Making all of these more accessible is becoming increasingly important, from both a societal and a business perspective. The Siemens Access Initiative therefore has two objectives: First, to ensure that our products and our customers' products satisfy statutory accessibility requirements, and second, to increase our products' usability and, therefore, our customers' satisfaction with them.

Principles of product safety

For the most part, general product safety requirements are based on legislation – such as the Equipment and Product Safety Act in Germany. With some product groups (like healthcare equipment), more specific statutory requirements also apply, and these we naturally implement in full. All our products have to be engineered and manufactured in such a way that they pose no threat to property, life or limb. To make sure that we fully meet legal and societal product safety requirements in every country in the world and across our entire product portfolio, we've defined comprehensive organizational and technical requirements. These are summarized in our fundamental principles of product safety and in related guidelines. The European CE mark on products indicates that these products have fulfilled key safety requirements. When we commission plants and installations, we conduct detailed tests and inspections before handing them over to the customer.

Future development scenarios

We don't just assess the environmental impacts of our current products and solutions, we also analyze the implications of future technological advancements – in areas like mobility or energy. We also create scenarios – concepts for green airports and green universities, for example – to provide customers in key markets with a basis for informed decisions. We develop these scenarios using a method called Pictures of the Future, and since fall 2001 have published a magazine with the same name. Appearing twice yearly, the magazine covers key technology trends, explores future scenarios, includes features and reports on Siemens' own and other research and development efforts around the world, and publishes interviews with prominent international experts.

Innovation in medical engineering: Our SOMATOM Definition Flash not only delivers images faster than any other computed tomography scanner, it also radically reduces the radiation dose.



Further information online:

- > Siemens Environmental Portfolio
www.siemens.com/environmentalportfolio
- > Industrial environmental protection
www.siemens.com/product-responsibility
- > Siemens standard SN 36 350
www.siemens.com/SN36350
- > Environmental product declarations
www.siemens.com/epd
- > Siemens Access Initiative
www.siemens.com/sai

A better ecobalance in steel production

Pig iron production with COREX® and FINEX®

We've succeeded in developing new processes for producing iron and steel that are more environmentally compatible. Our Industry Sector commissioned a comprehensive life cycle assessment of these methods to explore their environmental impacts.

The aim of this initiative was to create a life cycle assessment for the manufacture of pig iron using the COREX and FINEX processes developed by our Austrian subsidiary Siemens VAI Metals Technology. In contrast to a blast furnace, COREX requires neither coke nor sinter to produce pig iron from iron ore.

The FINEX process, co-developed with POSCO, a Korean steelmaker, and partially based on COREX, allows pig iron to be produced from fine ore in just a single process step. Neither process involves a coking or sinter plant. This means that capital investment and production costs are both lower than with classic blast furnaces, and fewer resources are consumed.

The Technical University of Denmark in Lyngby, near Copenhagen, the Technical University of Berlin, and the University of Leoben in Austria were all involved in preparing the study. Siemens provided the technical background and data, and the universities contributed the methodological approach.

The research teams compared COREX and FINEX with the traditional blast furnace process, recording the impacts on air, soil and water. Each step was then evaluated – from the extraction and conditioning of raw materials to the manufacturing process, dedusting, gas cleaning, and desulfurization.

Considerable differences were evident, particularly with emissions. COREX and FINEX were found to produce significantly lower quantities of sulfur dioxides, nitrogen oxides and dust, and the process wastewater contained far fewer pollutants.



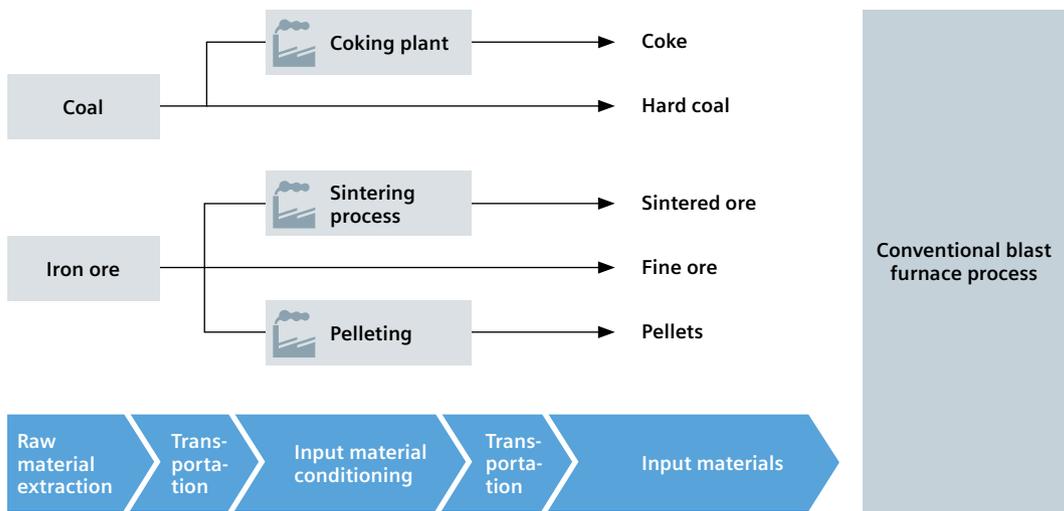
The FINEX process reduces environmentally harmful emissions.

Another advantage of these two processes is that steelmakers can put the by-product gas to effective use – as a source of energy for heating steelworks as well as driving high-efficiency gas and steam turbines for power supplies.

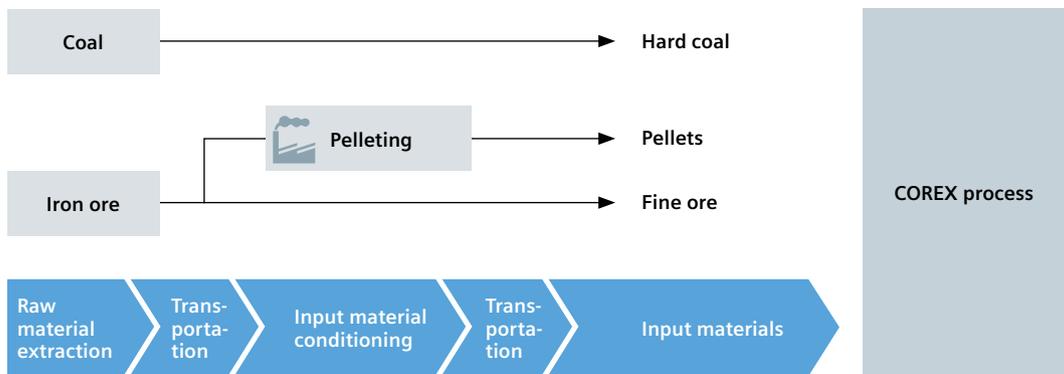
The conventional blast furnace process versus COREX

The graphic on the next page shows the key materials used in a conventional blast furnace. Besides coke and coal, the materials fed into the furnace include iron ore in the form of sintered ore, fine ore and pellets. Our life cycle assessment covered everything from raw material extraction to transportation to the various plants, and processing. The graphic below highlights the difference between the COREX and conventional blast furnace processes: It lies primarily in the materials employed and the reduction of the production steps involved. Eliminating the sintering and coking phases means fewer environmentally harmful emissions. The life cycle assessment also recorded, analyzed, evaluated and compared all of the process stages from raw material extraction to plant charging. ▶

Conventional blast furnace process



COREX process



Every method of steel production causes emissions, but the COREX and FINEX processes have a significantly better ecobalance compared to the classic blast

furnace process. They are another example of how Siemens' technologies are creating a triple benefit – for our customers, the environment and our company.

Suppliers

In fiscal 2008, we sourced products and services worth about €40 billion in 182 countries – a purchasing volume equal to almost 52 percent of our revenue. Aware that this puts us in a strong position to effect positive change in environmental and social conditions in our procurement markets, we require our suppliers worldwide to respect human and labor rights, safety regulations, environmental standards and anti-corruption laws, not just in their own operations but also in their supply chains. We've also made sound sustainability practices a fundamental requirement of our Procurement Policy and Supplier Management Systematics.

Managing procurement

All Siemens buyers worldwide operate within a unified global procurement network. This centrally coordinated approach enables us to capitalize as far as possible on opportunities to streamline purchasing in spite of our decentralized procurement organization. Essentially this involves:

- Pooling purchasing volume wherever feasible,
- Maintaining a coordinated and cohesive presence in the world's procurement markets,
- Actively sharing procurement expertise across the organization, and
- Working with the same methods, processes, tools and systems throughout the company.

Corporate Supply Chain and Procurement is responsible for defining consistent sustainability criteria, controls and targets company-wide and coordinating procurement policy closely with the relevant corporate functions. Policy is executed at the operational level by decentralized procurement units in our Sectors, Divisions and Regions in line with their respective remits.

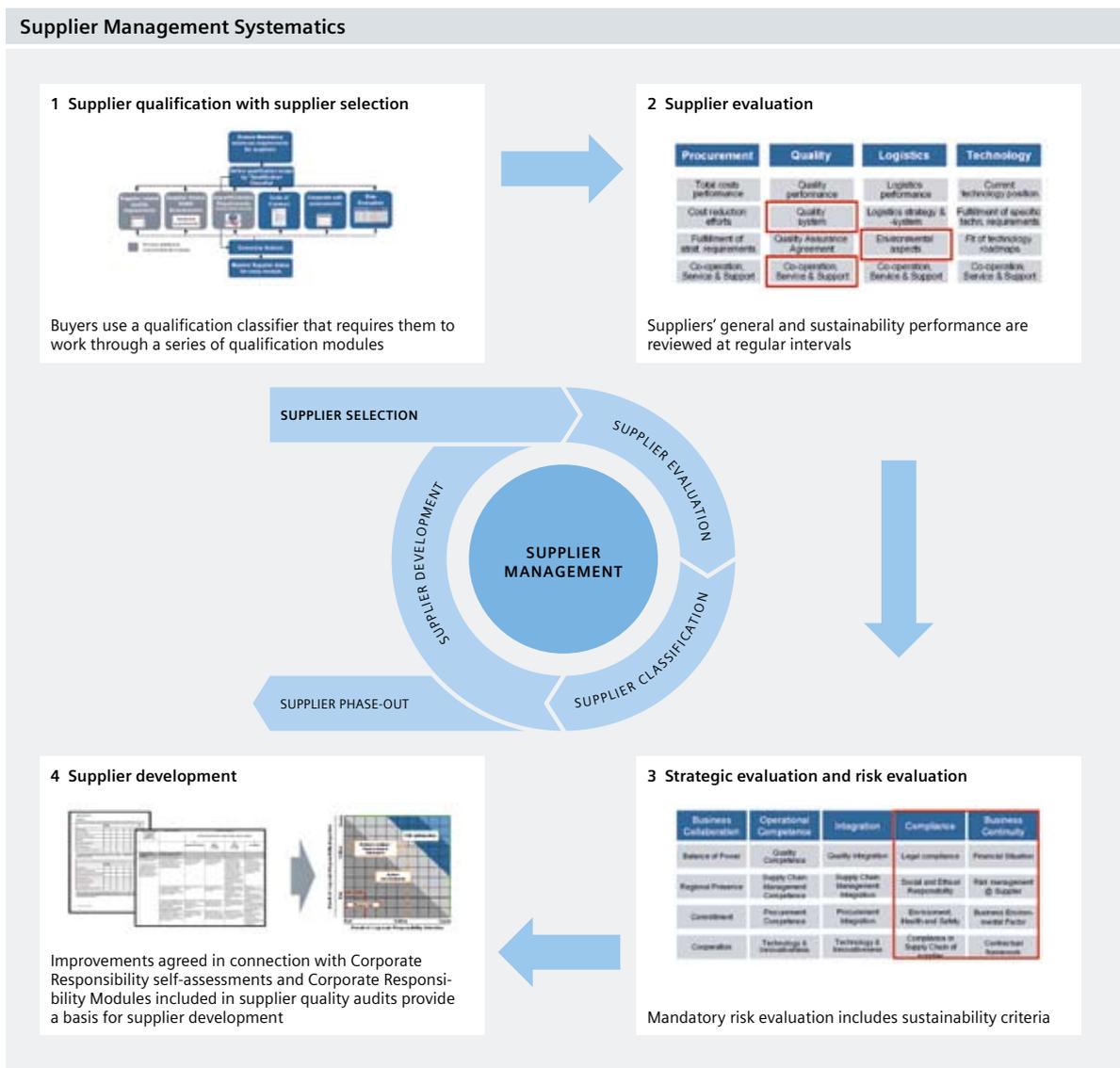
From a procurement perspective, our responsibility initiatives center primarily on embedding our sustainability requirements company-wide in unified, mandatory procurement processes, in particular those processes involved in Supplier Management. A key part of this is ensuring that our suppliers agree contractually to abide by the Code of Conduct for Siemens Suppliers. We evaluate and review the Code's sustainability principles at regular intervals as part of our overall Supplier Management Process.

Our Business Conduct Guidelines, besides offering general guidance on acceptable conduct, also require that all our buyers make our values-based sustainability principles a mandatory element in all Siemens' supplier relationships. These sustainability principles are outlined for suppliers in our Code of Conduct for Siemens Suppliers.

Sustainable supplier management

One of the greatest challenges we face in implementing a worldwide Corporate Responsibility procurement strategy lies in ensuring that our company-wide Supplier Management Systematics' central and distributed business processes reflect and support our sustainability principles where appropriate. The same applies to our central and decentralized IT procurement systems.

Our aim is to implement unified and consistent sustainability criteria throughout the supply chain. This pertains specifically to the following aspects of Supplier Management:



In fiscal 2008, one of the priorities of our company-wide Corporate Responsibility activities was to advance the Supplier Qualification process and to outline them consistently worldwide.

Intensive collaboration

Environmental protection in the supply chain

One important environmental goal for Siemens is to work with suppliers on ways to improve energy efficiency across the supply chain and to satisfy increasingly strict statutory regulations on the handling of hazardous materials and substances.

We take our environmental performance exceptionally seriously, not just in our production processes, our products, or the services we provide, but also along our whole supply chain.

Given that freight transport is one of the biggest CO₂ emitters, we decided in fiscal 2008 to initiate a number of joint projects with selected logistics operators to curtail the emissions.

Proper handling of hazardous substances, along with registration and reporting requirements for some substances, also pose a growing challenge on the environmental side of the supply chain.

CO₂ emissions in logistics

Last fiscal year, we embarked on a collaborative project company-wide with a number of selected logistics operators to explore long-term ways of reducing our logistics' carbon footprint. The project's first phase is focused on identifying processes and methods for determining CO₂ emissions caused by suppliers' transport operations.

Gathering data from external service businesses is a complex process and, owing to the lack of internationally accepted standard methods for measuring CO₂ output, we're unable to present any final figures as yet. We expect to publish interim findings by the end of fiscal 2009.

Parallel to this initiative, our Divisions are carrying out numerous projects to implement their environmental requirements within the supply chain. OSRAM, for instance, has significantly improved its logistics processes, both ecologically and economically. Until recently, the Division supplied two main warehouses – in Athens, Greece, and in Istanbul, Turkey – by truck from its distribution center in Augsburg.

OSRAM reviewed this process in detail and came to the conclusion that both warehouses could in fact be supplied by rail, a more environmentally compatible mode of transport. In this instance, transportation by rail generated 73 percent less CO₂ than transportation by road; it was also a sound choice economically: The journey time was roughly comparable, yet costs were 55 percent lower.

Management of substances along the supply chain

Our suppliers carry a significant portion of the responsibility for ensuring that our products and solutions are environmentally sound, technically safe, and don't pose a health risk. This is why our Code of Conduct for Siemens Suppliers requires that they operate – and deploy where necessary – standards-compliant environmental management systems.

We also work closely with our suppliers to ensure that we and they satisfy the requirements laid down in regulations like RoHS (Restriction of certain Hazardous Substances Directive) or REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals). The main issue here is to incorporate into our procurement agreements any relevant requirements on substances that are to be avoided or require declaration. The framework for this is laid out in Part 2 of our in-house standard 36 350 on environmentally friendly product design.

Supplier qualification as part of supplier selection

Our supplier-specific qualification process – the focus of continued standardization efforts last year – plays a fundamental part in supplier selection. Besides being required to fulfill a number of basic business criteria, companies wishing to become Siemens suppliers must also meet certain minimum environmental and social performance standards.

The first step in supplier qualification is to subject each supplier to a basic qualification process:

- A central “manual” check of basic supplier account and master data is performed when a new supplier is added to the Corporate Master Database (CMD),
- A background check is conducted on the supplier in the sanctioned parties lists under the terms of German, European, U.S. and local laws, and
- An intensive review of the integrity and qualification of the business partner is completed (due diligence review of suppliers in the role of business intermediaries).

These checks are a mandatory part of adding new suppliers to operational ordering systems.

Following successful basic qualification, additional steps may be required, depending on perceived risks. Suppliers in non-OECD states, for example, are all required to complete a Corporate Responsibility self-assessment. This self-assessment also explains the terms of our Code of Conduct for Siemens Suppliers to which they must agree contractually. We recognize and accept supplier or industry codes of conduct if these are at least equivalent to our own. We review these in a company-wide mandatory process that we implemented last fiscal year. By the end of 2008, we had qualified and accepted more than 100 such codes of conduct from suppliers and industry associations.

Beginning in July 2009, we plan to qualify suppliers on a workflow-based supplier information platform that is available worldwide at *click4suppliers*. We’re currently rolling out the Supplier Qualification process worldwide, and it’s now a mandatory requirement for all new suppliers. Existing suppliers will gradually be qualified retroactively with regard to our sustainability requirements.

Supplier evaluation

Once a business relationship is established, we assess and review suppliers’ performance and their compliance with our Code of Conduct for Siemens Suppliers at regular intervals. There are three review processes:

1. Corporate Responsibility Module included in supplier quality audits

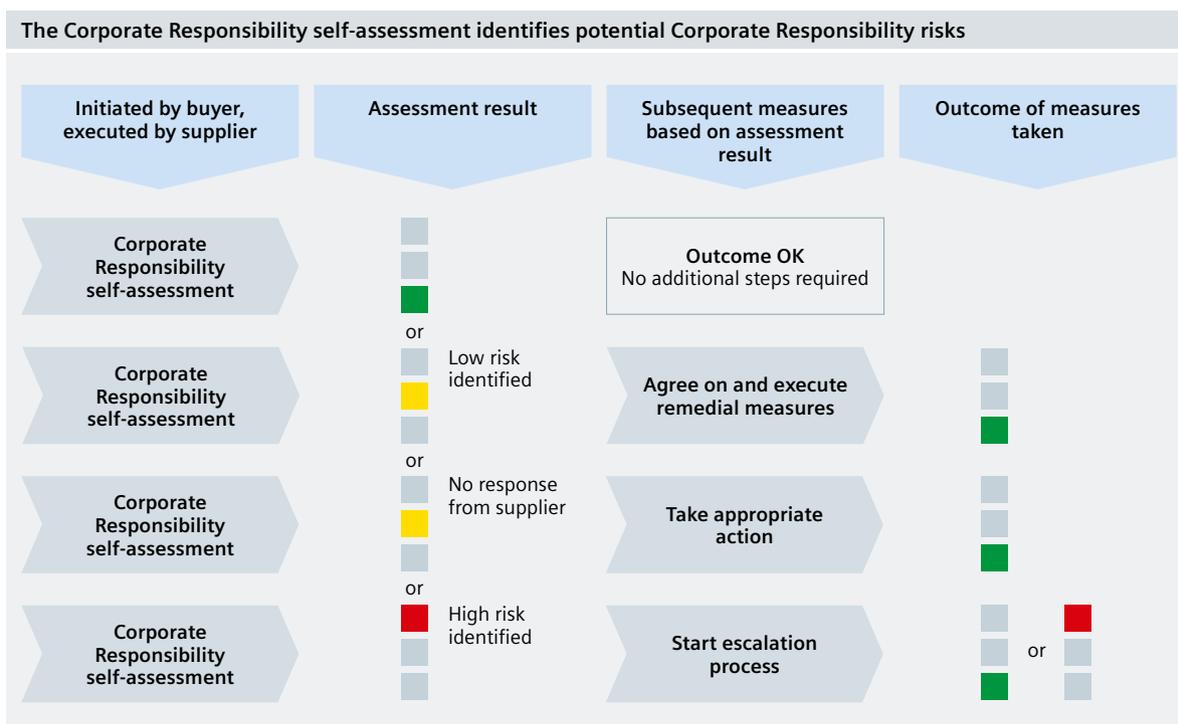
Since July 2007, the regular audits we conduct on suppliers include a Corporate Responsibility Module. This serves to ascertain whether suppliers have made provisions in their management processes to ensure compliance with the Code of Conduct for Siemens Suppliers. If suppliers have failed to comply with our requirements, they must remedy this within a period agreed with our auditor. If they fail to do so, we terminate the business relationship.

2. Corporate Responsibility self-assessment for suppliers

In fiscal 2008, we piloted a Corporate Responsibility self-assessment scheme worldwide. Its purpose was to determine the extent to which suppliers identify with our sustainability requirements and to recognize potential risk early on. Within a set period – usually ten working days – we ask our suppliers to self-assess their fulfillment of our sustainability requirements. Based on the results, we assign suppliers to one of three risk categories – green, yellow or red. If the evaluation system behind our online questionnaire does not identify any

misalignment with our requirements, it grants green status. Minor or major divergence leads to assignment of yellow or red status. In such instances, a Siemens buyer must clarify and rectify the problem. Possible outcomes are:

- The supplier rectifies the discrepancy – with our assistance, if necessary,
- We conduct an incident-driven inspection to clarify the situation and then define remedial measures together with the supplier, and
- If clarification proves impossible, we resort to termination of the business relationship.



We successfully completed the pilot self-assessment program with 84 suppliers in September 2008. Parallel to this, we implemented an entire suite of processes, including escalation and emergency handling, based on the pilot framework. We began rolling out the self-assessment program at the start of calendar 2009. The main purpose of the program is to vet suppliers in non-OECD states.

3. Incident-driven inspection

As of fiscal 2009, we’re introducing incident-driven supplier inspections. These are carried out in cases where we strongly suspect contravention of the Code of Conduct for Siemens Suppliers or where the result of the Corporate Responsibility self-assessment clearly indicates a potential risk. Incident-driven inspections are scheduled with prior notification and are conducted either by specially trained Siemens employees or a third party authorized by Siemens. During the past fiscal, we trained and qualified external inspectors at prominent international companies and authorized them to operate worldwide as our agents.

Supplier development

In the event that such inspections reveal room for improvement or substantial deviations from the Code of Conduct for Siemens Suppliers, Siemens and the supplier agree on mandatory measures for improvement. During the pilot self-assessment program, we discussed with suppliers potential misalignments with the Code of Conduct that emerged, and they have since partially rectified deviations. Issues requiring more extensive remediation are still in progress. To date, we've conducted 336 supplier audits worldwide based on the Corporate Responsibility Module, and they've proven worthwhile, identifying issues for improvement and initiating remedial measures in 590 instances.

The following areas for improvement emerged:

- The establishment and sustained implementation of regulations that ensure existing laws – above all for fighting corruption and bribery – must be fully complied with.
- Measures through which our suppliers propagate and safeguard compliance with our sustainability requirements in their own supply chains.

Meeting the minimum standards set out in our Code of Conduct for Siemens Suppliers consistently poses a problem for some businesses. In such cases, we define sustainability action plans and help suppliers execute them. This involves working with suppliers to achieve the requisite improvements we seek and as well as better overall sustainability performance, particularly within their supply chains. In the event of a significant breach of our Code of Conduct by a supplier or failure to remedy breaches by a set deadline, we end the business relationship.

Lessons learned

Since introducing our Code of Conduct for Siemens Suppliers worldwide, along with the requisite processes to implement it and monitor compliance, we have worked closely with stakeholders, above all with suppliers and a number of industry associations in Germany. In a series of meetings with managers from other companies and with independent experts, we specified our sustainability principles in detail in a variety of areas, including occupational health and safety and environmental protection in the supply chain. Building on this, we've reframed our procurement guidelines and rolled out a risk-based system worldwide designed to ensure sustainable, resource-optimized implementation. In a company-wide project, we are currently considering supplementing the existing Corporate Responsibility Module with an independent sustainability audit conducted by external auditors. Above all, this would strengthen the monitoring of suppliers' compliance with our sustainability requirements in high-risk countries. The pilot project plans to conduct ten such audits by the end of fiscal 2009. In August 2008, we began rating our suppliers based on country risk. We revise these risk ratings at the start of each new fiscal year according to the Transparency International Corruption Perception Index (TI/CPI Index) and to the OECD membership of the country in which a business is headquartered.

Dialogue with our suppliers

An intensive and ongoing dialogue with our suppliers is both an essential part of our business relationships and an important sustainability driver in the supply chain. This is why we ask suppliers to provide us with feedback on our own sustainability performance as part of the Corporate Responsibility self-assessment process. Their feedback helps us to continuously improve our sustainability program and its underlying processes.

We also offer suppliers a variety of ways to find out about the Code of Conduct for Siemens Suppliers and the expectations tied to it. Besides posting detailed information resources on the Internet, we also published a brochure in October 2008 that explains everything suppliers need to know about the Code of Conduct, its requirements, and what suppliers can do to actively support it. The brochure includes information on channels through which suppliers can report any illegal practices or breaches of our regulations that they themselves experience directly or hear about elsewhere.

Employee training

Key activities in fiscal 2008 also included delivering more extensive training to employees who interface with suppliers or who specialize in providing buyers and quality managers with professional support in implementing the Code of Conduct for Siemens Suppliers.

These trainings help to ensure that our employees are fully equipped to answer questions on sustainability in the supply chain, professionally and precisely, and to take appropriate action. This is why, in fiscal 2008, we not only trained our procurement staff intensively but also those in key interfacing roles such as quality management, compliance and legal affairs. We also extended our procurement training program, adding a special module on supply chain sustainability which we co-developed with our operating units and based partly on real-world situations that they had experienced. In addition, we continued our successful program of procurement compliance conferences and put more than 400 senior managers in procurement, quality management, legal and compliance functions through mandatory training on compliance requirements and execution at events in Europe (Prague), India (Mumbai), the U.S. (New York), and Latin America (Mexico and Colombia).

We also designed a special course for our global auditor training program on how to work with the Corporate Responsibility Module in regular supplier quality audits.



Further information online:

- > Supplier management at Siemens
www.siemens.com/supplier
- > Code of Conduct for Siemens Suppliers
www.siemens.com/coc-suppliers
- > click4suppliers, the information module of the Siemens Procurement Portal
www.siemens.com/click4suppliers

Employees

At our 1,500 locations around the world, we have a total workforce of 427,000 people from 190 countries. Advancing our employees and helping them to develop their talents and skills isn't just a priority concern, it's an essential part of what we do, because the quality of their training and education helps sustain innovation and, by extension, our ability to compete successfully as a global business. This is why People Excellence is a key value driver and cornerstone of our Fit42010 program.

All our actions as a business enterprise are informed by our company values – responsible, excellent, innovative – and we expect our employees to act in the same spirit. We also expect them to comply with our Business Conduct Guidelines, which require that they abide by laws and statutory regulations and respect fundamental labor rights. These guidelines build on principles set out in key accords and declarations by international organizations. They include the United Nations' Universal Declaration of Human Rights, the European Convention for the Protection of Human Rights and Fundamental Freedoms, the Tripartite Declaration of Principles of the International Labour Organisation (ILO) on multinational businesses and social welfare policy, and the ILO Declaration on Fundamental Principles and Rights at Work. As a member of the United Nations' Global Compact, we uphold its ten principles, above all principles three through six – those that seek to eliminate child labor, forced labor, and discrimination in respect of employment and occupation; to uphold the freedom of association; and to recognize the right to collective bargaining.

Dr. Martin Stetter, a Siemens researcher, has developed a simulation tool for molecular diagnosis that can identify diseases sooner than other methods.



Employee satisfaction and remuneration

To recruit and retain the best employees in local markets, we offer competitive rates of remuneration in all key labor segments. We have a new remuneration system in place for the Managing Board and for senior managers company-wide. This global salary system comprises two parts: a set base salary and a variable bonus. On top of this we offer share-based remuneration; currently, this consists of Siemens stock awards (reviewed annually) as a long-term incentive. In line with common market practice, the bonus target amount is defined as a percentage of annual salary and is based on a manager's Global Position Level (GPL), which defines his or her functions and tasking. The bonus ratio varies between 35 percent (GPL 4) and 75 percent (GPL 1).

The purpose of bonuses is:

- To recognize absolute unit and Siemens world performance,
- To reward performance against competition,
- To reflect and incentivize individual performance uniformly,
- To take into account compliance as a central leadership task, and
- To incentivize implementation and execution of our company-wide compliance program.

Our overarching aim with this scheme is to offer and ensure competitive levels of remuneration for senior management.

Siemens' Share Matching Plan, open to our entire employee base as of fiscal 2009, was launched to enable our people to share in the company's success and to help them accumulate assets. Under the terms of the scheme, participating employees receive one free Siemens share for every three shares they have purchased, provided the latter are retained for a period of three years.

Our managers assess employee satisfaction through an annual employee feedback process. The company also gathers more extensive information through surveys conducted at different levels on a variety of focal issues. This information helps to guide and develop measures for building employee satisfaction. For example, we regularly evaluate how our people rate our in-house communications, or the effectiveness of our compliance trainings. The results are fed into our compliance remuneration system for upper management.

Our responsibilities as an employer in the Regions

We're an important employer in the communities that host our 158 manufacturing locations and our 154 research and development sites around the world. When the company restructured, we appointed CEOs at country level, each of whom fulfills the role of Siemens' ambassador to their respective country. For the most part, these CEOs have roots in the local culture (only 3 percent of our executives outside Germany are Germans) and can thus help us to engage more fully with the regions in which we operate. This new system of local CEOs has introduced an important change to our leadership culture in that responsibility is now in the hands of individuals rather than committees.

Sharing our success

Our Share Matching Plan

Our Share Matching Plan enables Siemens employees and executives to participate in the company's success on a continuous basis. It also encourages our people to identify with the company and its business policy objectives.

The Share Matching Plan, a voluntary scheme, is part of a company-wide program designed to encourage employees to invest in Siemens shares and to profit from share growth. Employees who elect to participate not only underscore their confidence in Siemens' future, they also take on the responsibilities of being a Siemens shareholder. As employees, they help build the company's success and value; as shareholders they reap an additional benefit from the success they help to create.

Under the terms of the Share Matching Plan, participating employees receive an additional share for every three that they purchase, provided they retain the shares for three years and are still employed by Siemens at the end of that period. The scheme rewards those who enter into a long-term commitment as employees and as shareholders, yet is flexible in that employees are able to do as they wish with any shares they've purchased. Naturally, the scheme is subject to statutory regulations on insider trading, as well as Siemens' own Business Conduct Guidelines.

In this way, our employees profit exceptionally from any growth in the share price without major risk. For example, if the Siemens share price rises by 20 percent over the three years, the gain for participants in the Share Matching Plan is 60 percent rather than 20 percent; and if the price were to drop by 25 percent, the additional free share means that the value of the investment is still the same after the three years.

Launched last fiscal year in collaboration with the Swiss bank UBS, the Share Matching Plan is currently open to all employees in Germany and the U.S. and to management-level employees in Brazil, Great Britain, Switzerland, Austria and China. As of the next fiscal year, the scheme is to be widened to include 50 countries, making this attractive offer available to all our employees worldwide. When the scheme was launched, employees had the chance to apply for shares from mid-November until mid-December 2008. In spite of the brief window of opportunity, 52 percent of qualifying non-managerial employees and 60 percent of management-level employees took up the offer. This high rate is extremely gratifying, given that similar schemes in other companies commonly attract as little as 25–35-percent participation.

How our Share Matching Plan works



We're constantly undertaking new efforts to become a more attractive employer. In January 2008, for example, we launched a contribution-based pension system in China. The pension fund's assets, co-financed by employer and employees, are managed by a trustee. By the end of fiscal 2008, 57 percent of our employees there had decided to take part in the company pension scheme – a high figure, given that the average employee age is just 32. Siemens is the first company to introduce an innovative scheme of this kind in China.

Work life balance

A family and a successful career – most of our employees want both. And we help them in a variety of ways – like offering flexible working hours and workplace choices – depending on local labor practices and legal frameworks.

In Germany, the primary focus is on care for small children and sick or elderly family members. At present we provide around 380 places in childcare facilities close to work (Siemens is one of the leading German companies in this regard), and with another 200 places already planned we're continuing to expand this offering. We currently also provide vacation care for 1,600 children. For employees who prefer more individual childcare, we list babysitters on the corporate intranet and help locate childcare consultants and placement agencies. At a number of our sites, employees can also receive more extensive assistance, including information, professional consultations and organized care – a service we partly deliver in association with external agencies. Our location in Erlangen is something of a model in this regard, offering emergency care for elderly family members, as well as lecture and training programs. For employees who want to quickly return to work following maternity leave, we offer re-entry programs plus a range of flextime, part-time and telecommuting options.

Siemens operates a daycare center in Erlangen for employees' children.



Siemens in South Africa last year launched a new work/life balance program, including flextime working and improved maternity leave policy. At the end of fiscal 2008, around 23,300 employees were working for the company part-time, of whom roughly half were women. Women also accounted for 39 percent of a further 6,200 employees on temporary leave – including sabbaticals, national service and maternity/paternity leave.

Diversity and equal opportunities

People of both genders, from wide variety of cultures and of different religious persuasions, nationalities, ethnicities, social backgrounds and age groups work for Siemens, and all of them can contribute a range of talents and breadth of experience to the work they do. This diversity is enormously valuable for the company in that it expands our potential for new ideas and innovations and thus sharpens our competitive edge.

What's more, diverse teams tend to approach problems from different angles and achieve higher productivity and better solutions. Our global diversity guidelines have put a framework in place designed to advance diversity. But this framework alone is not enough. Our units in the countries and regions in which we operate are therefore free to pursue strategies of their own in line with their unique history, culture and current needs. To promote greater diversity in senior management, the Siemens Managing Board created the new post of Chief Diversity Officer, to which Jill Lee, formerly Siemens China's Chief Financial Officer, was appointed on November 1, 2008.

Diversity management in the U.S.

The range of cultures, religious persuasions and ethnic groups is especially broad in the United States. Here, promoting diversity is an important prerequisite when it comes to hiring and retaining talented and highly qualified people to work for Siemens, because competition between companies for the best and the brightest is extreme. We continue to optimize our diversity initiatives in an effort to remain competitive within the labor market, and one key element of this has been the introduction of a diversity management system aimed at better meeting the challenges of diversity and leveraging the benefits that greater diversity brings. In the U.S., we set up the Diversity Board, a nationwide organization that unites local diversity activities, not just across all of our Business Units, but also vertically from local Diversity Councils to the President's Council. This setup means that all Siemens companies can pursue a common strategy carried by senior management. It also enables CEOs to champion and promote effective diversity practices within their areas of responsibility.

A recent benchmark study by DiversityInc magazine ranked Siemens in the top quartile of the 317 companies in its database, providing evidence that our organizational changes and initiatives are working.

An employer for the best

We have high expectations in terms of our employees' educational backgrounds, qualifications and skills. We employ around 99,000 engineers worldwide, and 37 percent of our workforce have a university degree. In recent years, our expectations have risen, prompting us to seek an active role in the definition of training strategy and curricula for a variety new and current occupational qualifications and career tracks. In our own training programs, which we also provide for third-party companies, we seek to impart not just technical knowledge and abilities but, increasingly, method, social and personal skills as well. In our Regional Companies we operate a German-style work-study system, which combines practical skills and work experience with classroom training, to provide our employees with higher-grade qualifications and create value. Already in operation at Siemens locations in China since 1996, this dual work-study training model has now been "exported" to 30 countries across Europe, Asia, the Americas, and Africa, where we're currently providing vocational training to around 9,300 people.

To uphold our high standards as a tech company, we maintain strong ties with educators and with educational and research organizations. As part of this engagement, we hold a competition for the Werner von Siemens Excellence Award each year at a small number of top-tier universities in Germany. The Award is given in recognition of outstanding final dissertations or theses that present innovative solutions with a potential value for industry, energy or healthcare. Candidate entries are ranked by the award jury not just on their quality as pieces of research but also on innovation and real-world applicability.

HR management and continuing education

Our most important HR management instruments are our Performance Review Process and our Siemens Management Review. Now standard practice company-wide, their purpose is to enable management-level and non-managerial employees alike to set clear personal goals and to give and receive continuous, open feedback. They provide a transparent measure of employees' performance and accomplishments and, as such, determine future career development and remuneration.

Siemens trainees learn about commercial processes:
In a game the young people plan production processes and materials management.



Developing high potentials as future leaders plays an important part in any responsible corporate culture. By spotting tomorrow's top talent early on, assigning them challenging and rewarding tasks, advancing them systematically, and grooming them for future management roles, we help to secure the strong leadership we need going forward. Those we regard as suitable for our Top Talents program are employees who consistently perform at an exceptional level and exhibit high potential. To date, we've identified more than 2,000 such individuals, including 500 in the last fiscal year alone. Fifty-five percent of the people in this talent pool live and work outside of Germany.

But well-trained and responsible, up-and-coming employees are not just crucial at the managerial level – we also rely heavily on standout individuals with a talent for innovation in technical and engineering roles who can deliver the quality ideas that ultimately fuel our business. We seek to advance and develop these people – to help them make the most of their abilities – and we do that through our Key Experts career track, an analog to our Top Talents managerial program. In the past fiscal year, we identified around 335 of these key experts within the company.

Continuing education for employees is a strategic value driver, and this is why we set up the Global Learning Board in 2009. This body is tasked with defining a binding global education portfolio aligned to our Fit42010 program and its objectives.

Learning Campus and Siemens Leadership Excellence (SLE), two corporate-level programs, are responsible for implementing this portfolio. SLE prepares up-and-coming managers for their future tasks by teaching them valuable strategies and familiarizing them with useful management tools, methods and procedures. Since the program was launched in October 2005, nearly all our senior managers – some 1,100 individuals worldwide – have taken part in SLE courses. In the past year we spent around €460 million on training future leaders and on systematically developing employees' hard and soft skills.

Targeted employee training and continuing education programs are a critical success factor in our business.



Further information online:

- > Siemens, a responsible employer
www.siemens.com/employees
- > Diversity at Siemens
www.siemens.com/diversity
- > Work life balance at Siemens
www.siemens.com/work-life-balance
- > Career at Siemens
www.siemens.com/career

Occupational health and safety

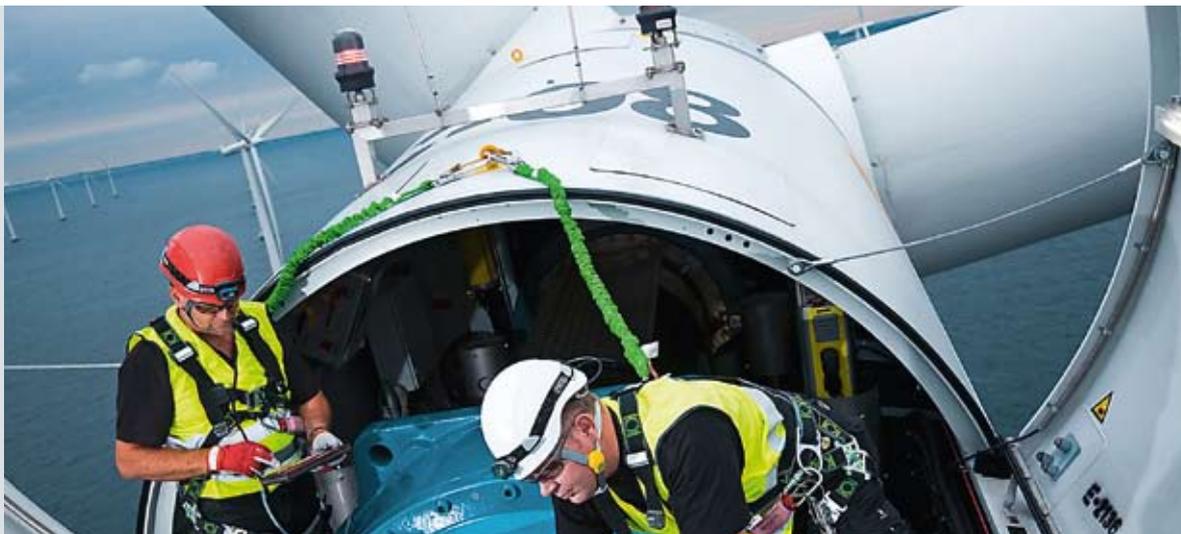
Occupational health and safety are integral components of our corporate culture. They are an expression of our responsibility towards employees and, at the same time, they support our competitiveness. After all, safe and healthy working conditions contribute a great deal to employee motivation. As a result, they increase the quality of performance and reduce direct and indirect costs.

The various business activities that Siemens conducts in roughly 190 countries are associated with wide-ranging risks that pose a danger to our employees. We face those risks with standards that apply throughout the world, and by adapting programs on a decentralized basis.

Central standards and management

Occupational health and safety are components of our Business Conduct Guidelines, internal control systems and our Compliance Program. Since 2002, our corporate policy regarding occupational health and safety has been set out in writing through internal guidelines that apply throughout the company and are integrated into country-specific regulations and processes. These guidelines are valid for our employees as well as all partners with whom we cooperate. In addition, all levels of management throughout the world are required to set goals and supply all the resources necessary for meeting them. In doing so, we expect our managers not only to comply with and monitor the rules locally, but also to serve as role models for their employees.

Maintenance work on a wind energy plant in the Lillgrund offshore wind park:
Occupational safety is our highest priority even high above the sea.



Roughly 2,000 managers in Germany alone were trained over the past three years regarding their duties and responsibilities when it comes to occupational safety. In addition to those training sessions for managers, our guidelines prescribe safety training for all employees. In particular, they follow the results of the regular risk assessments. Our goal is to empower all employees to actively contribute to their own safety and health. The more than 600 proposals that our employees have submitted for the improvement of occupational health and safety as part of Siemens Idea Management 2008 attest to the success of those actions.

Globally, we manage occupational safety at the Sector level and their Divisions. This helps us to optimally comply in each case with the various occupational safety requirements of our company. All units are required to systematically report on the effectiveness of their occupational health and safety systems. With our international occupational safety reporting, we began in 2008 to record and comprehensively assess the key performance indicators of all our locations, building sites and contractors on a monthly basis.

For the self-evaluation of occupational safety performance, we have supplemented the already existing IT-supported assessment tool for environmental protection (ISO 14001) with the requirements of OHSAS 18001 for locations that have already introduced an occupational safety management system.

At the end of the reporting period, we adopted a company program for occupational health and safety that will pursue the following goals for all Siemens locations worldwide:

- The comprehensive introduction of occupational health and safety management systems,
- Continual improvement of occupational safety with the goal of achieving “zero accidents,”
- Replacing particularly dangerous substances with less dangerous substitutes or replacement procedures,
- Better protection of our employees against asbestos, and
- Improvement in terms of occupational medical care during business trips and work assignments that pose an increased impact on health.

We describe and explain the concrete goals in the Goals section.

Decentralized control

In our markets we are often confronted with different risks regarding occupational safety and health. The decentralized Business Units respond to those risks by implementing these standards via their own management systems and policies in the area of occupational safety and health – building on the international guidelines and following the legal provisions that apply in the individual countries. The former Transportation Systems, Medical Solutions and Power Generation Groups had already established their own integrated management systems in 2003 and 2007 for their locations throughout the world. Certified management systems also exist in many Siemens Regional Companies. Our goal is to introduce occupational safety management systems at all locations worldwide by 2012.

Decentralized occupational safety management also allows us to respond to regional requirements and focus on specific areas. In Germany, for instance, where the number of accidents on the way to work is on the rise, we will devote ourselves more intensively to the topic of traffic safety. This topic also plays an important role in our other Regional Companies. In Pakistan, we are supporting campaigns that facilitate rapid first aid at the scene of street accidents, which are on the rise. Siemens Pakistan is cooperating with local organizations, conducting training sessions for traffic police and providing them with first aid kits.

Successes thanks to health management

The goal is to keep our employees as healthy as possible. Therefore, we have expanded our occupational safety and health program into a wide-ranging, three-stage health management system consisting of prevention, therapy and reintegration. In Germany alone, more than 50 company doctors are responsible for these tasks. They are involved in regular workplace assessments, conduct extensive screening campaigns (for instance, for diabetes mellitus, kidney disease and various cancers) and offer check-ups or presentations on various health topics. Smoking cessation courses, back-training sessions and regular immunizations are part of our program, as are the vocational social services provided by our staff of more than 50 highly qualified individuals.

In addition to such classic disciplines as strength training, track and field, dancing and tennis, our diverse sports program also offers golf, sailing, gliding and relaxation exercises from the Far East. Rehabilitative sports measures following serious illnesses round out the sports activities. They support our vocational integration management, which aims to overcome an incapacity for work caused by illness and/or to prevent a reoccurrence of incapacity for work, thereby helping employees to keep their jobs. To that end, we have set up local workgroups, made up in each case of the company medical officer, a social counselor, a representative of the Works Council, a confidential representative of the employee in question and a representative of the human resources department.

On February 1, 2009, we introduced the function of a Corporate Medical Director. This position is given global authority and is directly tied to the Managing Board member responsible for human resources. With this position, we intend to achieve a bundling of global activities, thereby strengthening our health management.

Combating HIV/AIDS: We are facing this challenge with a comprehensive program.



Further information online:

- > Occupational health and safety at Siemens
www.siemens.com/health-safety
- > Healthcare Sector: EHS Report 2008
www.siemens.com/healthcare-ehs
- > CR Report 2008 of Siemens Pakistan
www.siemens.com.pk/csr_report.html
- > Global Business Coalition on HIV/AIDS, tuberculosis and malaria
www.gbciimpact.org

A tremendous obligation

Combating HIV/AIDS in South Africa and India

We view the combating of HIV/AIDS and its consequences as a tremendous obligation. Particularly our Regional Companies in India and South Africa – the two countries with the greatest number of HIV-positive inhabitants – are meeting this challenge with comprehensive efforts. While the disease has been playing a significant role in the public consciousness in South Africa for several years now, unfortunately it is often still being ignored in India.

In South Africa, the number of deaths caused by HIV/AIDS in 2008 was nearly half a million. By 2020, 9.31 million victims are likely to die there of the disease. That is a trend that definitely affects Siemens as well, because at present 9.7 percent of our employees in South Africa are HIV-positive. The last prevalence study in 2007 estimated an increase in the infection rate at Siemens South Africa to 13 percent by 2014. In India, the picture is similarly devastating: According to the latest estimates, between two and three million infected people live there.

Campaigns in South Africa

Since 2001 we have been carrying out a four-pronged HIV/AIDS awareness program in South Africa. It is based on an HIV/AIDS policy, analyses and assessments, concrete workplace programs and personal support for the affected individuals.

As part of our "Know your status" campaign, all Siemens employees can obtain free HIV tests and counseling. We want to urge them to initiate therapeutic measures and enable them to live a better life. Our overriding goal is to create a distinct awareness of this disease and the possibilities of prevention. For instance, we use the new employee orientation days to discuss this important topic and provide information about it.

Of course, HIV-positive employees receive comprehensive medical care. They are given medication and immunizations and can have regular examinations and tests. Our employees also have access to counseling and can be personally attended to and supported over the long term. In addition to that, we also incorporate the direct living environment so that affected family members can also be provided medical care. It's a commitment that pays off: Siemens South Africa has been recognized by the Global Business Coalition on HIV/AIDS, tuberculosis and malaria with the Award for Excellence in the Workplace for its landmark program for the combating of AIDS. Siemens has been a member of the initiative since 2003.

Campaigns in India

We are also attempting to transfer the experience gained in South Africa to India, among other places. During the past fiscal year, Siemens India set up a total of 24 programs that target increased awareness of the immune-deficiency disease HIV/AIDS within the company. So far, roughly 3,100 employees have taken part in the program. Regular poster competitions help to reach even employees with a low level of education.

Because HIV-infected persons in India still often lose their jobs or are subjected to the most extreme forms of discrimination, Siemens India set an important example with its policy on HIV/AIDS. This policy stipulates that new employees do not undergo HIV screening and that the company's management must maintain absolute silence regarding employees' medical data. The policy prohibits any form of discrimination and pledges full support for employees. In addition, it prescribes regular training and counseling measures.

Society

Siemens operates in roughly 190 countries in the world and is invariably a part of the local community – as an employer and client as well as a good “corporate citizen.” We assume responsibility for our environment in the locations where we operate and where we can make a positive contribution to social development.

We are convinced that we benefit not only from our good reputation but also from the stability and prosperity of our social environment. That is why we actively contribute to forward-looking development at our locations. For us, this includes material and non-material support of charitable projects as well as the open exchange of ideas with the state and society.

In doing so, our commitment is focused first and foremost on the issues where our skills and experience can contribute most effectively to sustainable development. In that regard, we make sure to promote those issues that are also significant for our business.

Social requirements and difficult situations vary greatly from region to region. We help by providing targeted assistance as part of our Siemens Caring Hands program.



Our commitment

All of our citizenship activities are in line with our values: responsible, excellent and innovative. The main guidelines for these activities are defined in our Citizenship Policy.

The Siemens Business Conduct Guidelines also apply to our citizenship activities and include, among other things, the rules regarding donations and our conduct when dealing with political decision-makers. Those guidelines are complemented by a letter from the Managing Board regarding the allocation of donations, as well as other written guidelines.

We face the social requirements and difficult situations that vary greatly from region to region with targeted assistance, as well as corporate volunteering and charitable activities that are part of our Siemens Caring Hands program (see page 145). These activities are supplemented by emergency efforts in the event of natural catastrophes.

With our global education projects that are part of the Siemens Generation21 program, we make an important contribution to the training of individual skills that are urgently needed for the sustainable development of societies worldwide. As a company we benefit as well, because we too need excellent and scientifically talented young employees everywhere in the world.

Overall, we subscribe to a comprehensive view of social responsibility. That includes promoting art and culture as an expression of social identity and diversity in our Siemens Arts Program.

Siemens Stiftung

At the end of fiscal 2008, we founded the Siemens Stiftung, a foundation under German civil law, and provided it with a capital base of €390 million. It began operations on January 1, 2009. Operating independently alongside the three private foundations of the Siemens family and the company's previously existing foundations in Brazil, France, Italy, Colombia and the U.S., the Siemens Stiftung aims to promote nonprofit projects.

As a first step, we have transferred to the new foundation the bulk of our corporate citizenship projects that are managed at the corporate level and are part of the Siemens Caring Hands and Siemens Generation21 global programs. With its founding, a development that had been ongoing for several years has been concluded for the time being. Within that framework, we have restructured our social commitment and adapted it to the requirements of a globally active corporation. The elements of this strategy are:

- The global strengthening of efficiency and the guaranteeing of the long-term effectiveness of our actions,
- The implementation of projects independent of the volatility of our business, as well as
- Clearer, more understandable and transparent communication of our activities to the public and our employees.

The task of the Siemens Stiftung is to develop solutions to global social challenges, identify opportunities and, in emergency situations, provide aid that promotes self-help. In line with the foundation's mandate, activities are focused on social commitment, education, and research and innovation, in addition to technology, art and culture. Indirectly, the foundation will also support content-related further development of our Corporate Citizenship program, which addresses similar social priorities: Our corporate objective remains the improved coordination of our global assistance measures and the continued profiling of our activities.

Effectiveness of our commitment

We attach special importance to our funds being used effectively and in a targeted manner. We want to monitor the effectiveness of our actions and ensure it over the long term. To do so, we evaluate our projects and derive improvement measures from that process. We examine how the programs impact the reputation of Siemens and which social benefits they generate. We assess success based on quantitative, qualitative content-related and financial criteria. To that end, we use “conventional” tools to measure success in communication, in addition to tools developed through specific projects, scientific research and external assessments.

We record the number of participants, analyze press reports, keep track of online hits and assess the external demand for our information offerings. In addition, we have our activities evaluated by means of surveys or telephone interviews.

Through regular workshops conducted by our external educational partner, Lokando AG, we receive intensive feedback from our target groups and stakeholders, such as teachers who use our materials. On our behalf Lokando, working with a team of teachers from various subject areas and multimedia experts, as well as with technical consultation from Siemens AG, develops the digital teaching materials and makes available its teaching and learning platform specially developed for instruction.

A further example: After our experiment kit project ran for two years, we had the kit for kindergartens evaluated by TNS Infratest. This study was based on the key question: Does the Siemens experiment kit help pre-school children develop an interest in science and technology? The result was encouraging for us: More than 80 percent of those questioned confirmed that children are more interested in science-related subjects thanks to the playful experimentation associated with the kit. Another positive side effect involved making the kit more child-appropriate based on the study results.

Responsibility for sustainable development

Our maxim is: All of our citizenship programs must be sustainable. In concrete terms, this means that we pursue long-term projects with strategic goals instead of one-off or short-term actions. However, it also means that, in accordance with our principles of sustainable development, all our projects must employ an integrative approach. We have therefore aligned our citizenship activities with three long-term, global challenges:

- Combating the consequences of climate change,
- Improving the education of young people, and
- Reducing poverty.

These goals are linked to one another – as are the problems from which they are derived. For instance, climate change aggravates poverty in many parts of the world. And continuously improving education is the only way to address both issues.

As part of the Siemens Caring Hands program, we react to problems related to poverty and the environment with, for example, projects in the area of water supply. With the Safe Water Kiosk and the SkyHydrant, we provide processing technologies for clean drinking water to the poorest regions in the world and provide support in areas that have been hit by natural catastrophes.

Education and climate protection also play a central role in the Siemens Generation21 program. In fiscal 2008, for example, we made climate change the subject of our student competition. Secondary-school students were asked to delve into the issues of climate change from a scientific-technological perspective. A total of nearly 2,000 projects were submitted in the U.S., Russia and Germany. In Germany alone, awards amounting to €111,000 were handed out. The winning team received €30,000 in prize money, and the second- and third-place winners were awarded €20,000 and €10,000, respectively, with the condition that the funds be used for their studies.

We also give teachers free access to our expertise in the Energy Sector: The digital collection of materials called “Into the Future with Energy” is intended to sensitize children and youth early on to efficient handling of limited resources and renewable energies.

Contribution to a social framework

Public discussions and political decisions affect Siemens in a variety of ways. At the same time, our activities are also part of the social and political dialogue and affect the societies in which we operate. Taking an active role in the public opinion-making process, adopting a stance and arguing our point – this is the most important part of our social responsibility. We contribute to the political decision-making process, thereby enabling decisions to be made on a sounder basis. After all, many issues cannot be properly decided without technical expertise.

A good example of this type of solution expertise is our commitment to the BDI Climate Initiative, the chairmanship of which has been assumed by Siemens President and CEO Peter Löscher. Beyond energy and climate policies, we are especially involved in the areas of foreign trade policies, economic and industrial policies, healthcare policies and innovation and research policies.

We help to sensitize children and youths early on about efficiently and responsibly handling natural resources.



Further information online:

- > Corporate citizenship at Siemens
www.siemens.com/citizenship
- > Siemens Caring Hands
www.siemens.com/caringhands
- > Siemens Generation21
www.siemens.com/generation21
- > Siemens Discovery Box
www.siemens.com/discoverybox

We work with numerous associations and seek out dialogue in various platforms. For instance, Siemens is a member of the Zentralverband Elektrotechnik- und Elektronikindustrie (ZVEI – an umbrella organization for the electric engineering and electronic industry) and the Verband Deutscher Maschinen- und Anlagenbau (VDMA – a German association for mechanical engineering and construction). At international forums, such as the Transatlantic Business Dialogue (TABD) and the Mercosur European Union Business Forum (MEBF), we engage in discussions about international economic issues.

We are certain that in our democratic social order, everyone must have the opportunity to actively participate in political life. That's why Siemens endorses and promotes the social and political engagement of its employees. These employees are treated neither preferentially nor adversely on the basis of their involvement. Campaigning for a political mandate and assuming such a mandate are strictly part of one's off-duty affairs. Employment is suspended when one assumes a full-time mandate. In our Guidelines for Political Representatives, we have stipulated that for the duration of their mandate they cannot receive any salary payments or any payments to the company's pension plan. The drawing of employee shares is also suspended. In the case of volunteer representatives, normal employment conditions continue to apply. Siemens does not in any way influence the political decisions of its representatives.

We conduct ourselves in a politically neutral manner and respect and appreciate differing world views. We do not give donations to political parties or party-affiliated organizations. Exceptions to that are posed by the legally regulated political action committees in the U.S., in which our employees collect and donate money for political campaign purposes.

"Laughing with one another, learning from one another, being there for one another" – true to this motto, our young apprentices work for an entire year in a Side by Side project for handicapped children and young people.



Further information online:

- > Siemens Stiftung
www.siemens-stiftung.org
- > BDI Business for Climate Protection
www.siemens.com/climateinitiative
- > Siemens Side by Side initiative (German)
www.siemens.com/side-by-side
- > Federal Election Commission
www.fec.gov

How we provide fast, unbureaucratic help

Earthquake relief in China

For us, responsibility is more than just a verbal commitment. When the Chinese region of Sichuan was devastated in May 2008 by an earthquake measuring 7.9 on the Richter scale, claiming more than 70,000 human lives and injuring and leaving homeless countless others, we provided assistance quickly and with no red tape.

Siemens immediately supported the people affected by the catastrophe, both with technical assistance as well as through company and employee donations. In addition, we set up an emergency task force that began working immediately.

The solidarity of our company locations with the local community has a long tradition at Siemens China. And therefore we were able to provide the necessary assistance quickly thanks to our local presence and with the aid of our products. Immediately after the earthquake, Siemens sent teams of experts to hospitals in the affected region with the objective of examining the available medical equipment to make sure it worked properly and to repair it if needed.

We made available medical equipment produced by us valued at approximately €370,000. In addition, the emergency task force monitored the equipment's operation in the hospitals around the clock. Together with a telecommunications company, we set up a remote diagnostic system which allowed the earthquake victims to communicate with physicians via phone in spite of the destroyed infrastructure. Also, the water filters we provided supplied the residents of Qing Chuan with drinking water.

On the whole, the contribution with which Siemens was able to help the affected people amounted to more than €750,000. Of that amount, €400,000 was raised from employee donations alone, the result of a global appeal for funds. Siemens employees in China, for



Supplying disaster areas with clean water is part of our Caring Hands commitment.

instance, provided €100,000 alone by foregoing staff outings. Those donations benefited emergency aid provided by the Red Cross.

Even after the catastrophe, Siemens committed itself to reconstruction in the region – through donations and the volunteer efforts of our employees. In the village of Fanjia, for instance, we supported the German Red Cross in rebuilding a healthcare station that had been destroyed in the earthquake. In addition, we distributed the Siemens Discovery Box to schools in the region in order to support the partly provisional lessons with materials and enable the kids to play and experiment.

Further information online:

- > Disaster relief in China and Myanmar
www.siemens.com/disasterrelief

Key figures

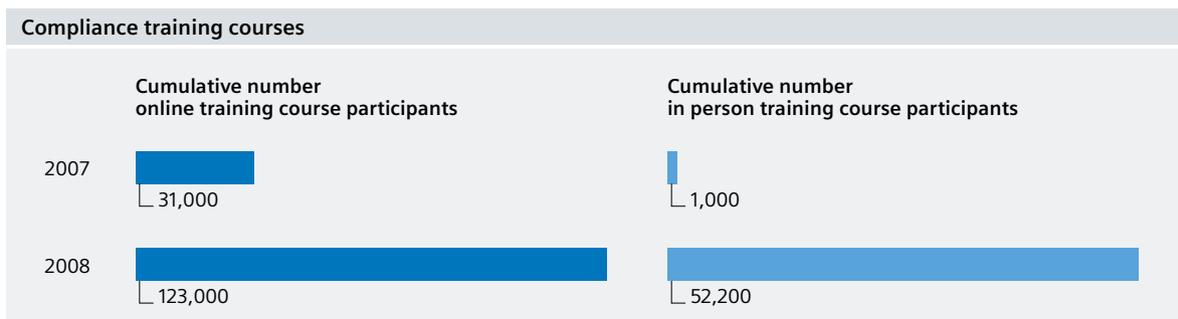
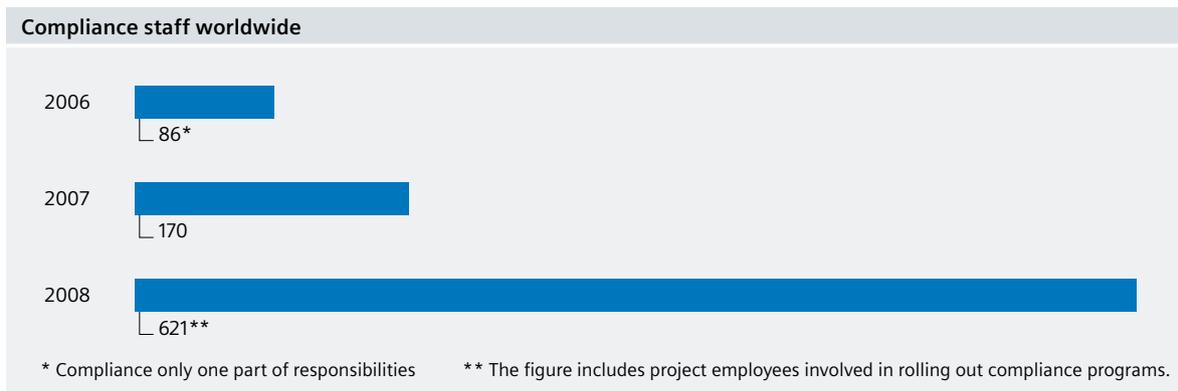
Each year in the Sustainability Report, Siemens calculates its performance on the basis of data and key figures. Only by knowing details of our performance can we reliably control and plan corporate responsibility.

- We now collect key figures used to calculate our sustainability performance in all areas of responsibility. We even established a dedicated reporting system for this purpose in the 1990s in the area of company environmental protection, and have since expanded it in stages. As a new element, we now collect key figures on occupational safety on a worldwide basis.
- Establishing comparability using key figures is an important factor which we hope will allow us to fulfill the transparency goals set as part of our Fit42010 program. The information required by our external stakeholders is not always identical to the control values that help us to identify and improve our performance, however. This is why the presentation of data and key figures remains a matter of balancing different interests. On the one hand there are many different requirements imposed on us from outside the company, while on the other it is necessary to satisfy internal needs for a few essential control values.
- Our Key figures chapter, which we have once again expanded in some areas since last year, specifically addresses the expectations of sustainability-oriented analysts and investors who use our report as a basis for their own evaluation of our performance.

Compliance

Compliance is a central pillar of our sustainability-oriented management. We are convinced that compliance also pays off economically. As with other topics, we quantify and monitor our ongoing improvement in the area of compliance on the basis of selected key figures.

In our quarterly Compliance Progress Reports, we compile company-wide data and evaluate compliance risks at every level of the company. As the figures confirm, we substantially expanded our compliance-related activities during fiscal 2008 – with regard to the number of employees as well as the participation rates for various concrete measures.



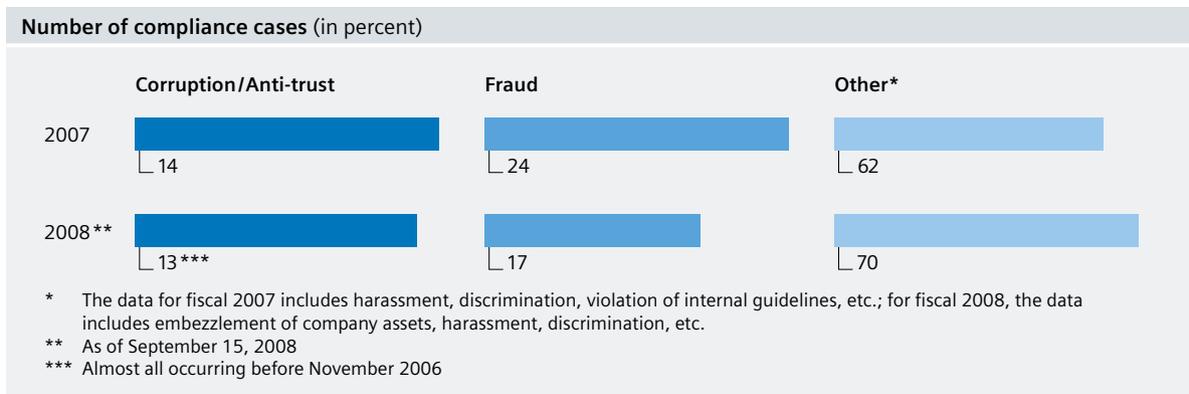
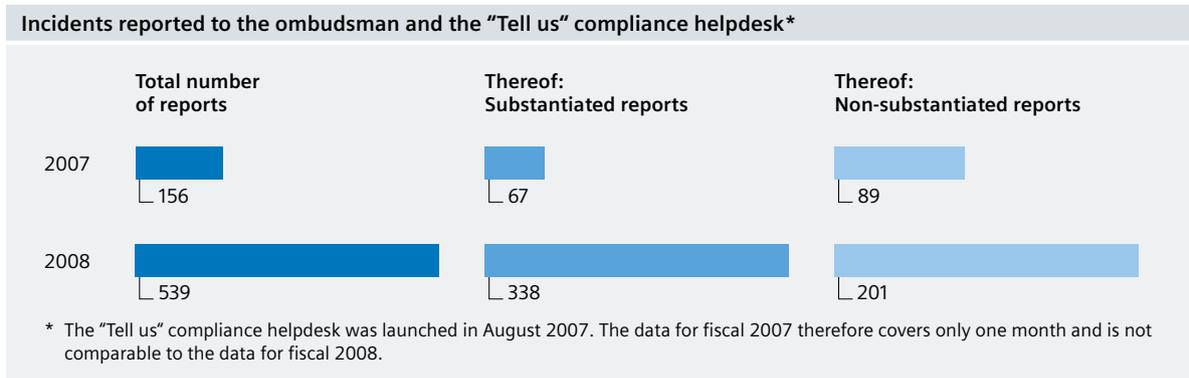
We measure the effectiveness of our employee compliance training courses by means of an employee survey. The survey results comprise one element of the compliance components in our senior management remuneration system.

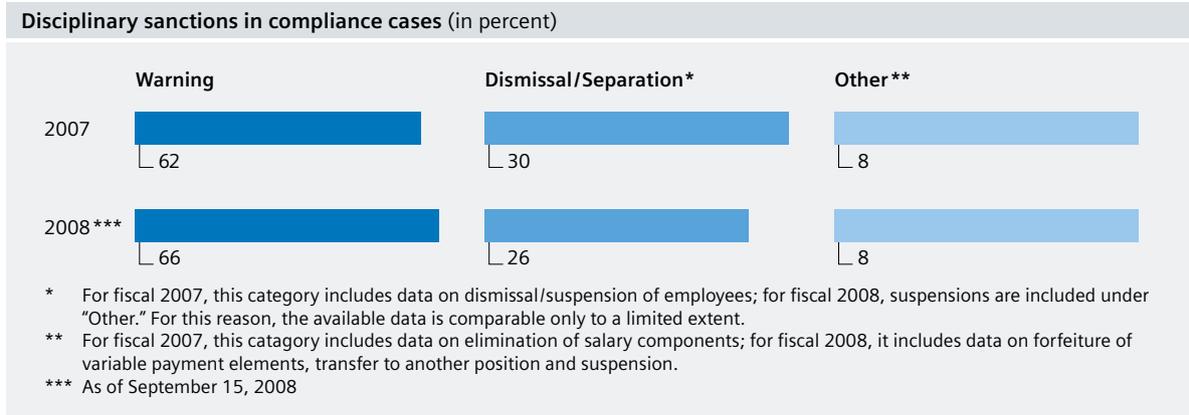
Employee inquiries to the “Ask us” compliance helpdesk are, on average, answered within two workdays. The employees who respond to questions addressed to the helpdesk are supported by a company-wide network of experts. An increase in the number of inquiries addressed to the “Ask us” helpdesk in the second half of fiscal 2008 was largely attributable to the introduction of the so-called Business Partner Policy in the middle of 2008.

Requests addressed to the “Ask us” compliance helpdesk*					
	2007	2008 – Q1	2008 – Q2	2008 – Q3	2008 – Q4
Total number of requests	198	746	841	1,142	1,107

* The “Ask us” compliance helpdesk was launched in September 2007. The data for fiscal 2007 therefore covers only one month and is not comparable to the data for fiscal 2008.

Employees and external stakeholders can report possible compliance infringements to our “Tell us” compliance helpdesk.





In fiscal 2008, 909 infringements resulted in disciplinary sanctions; the prior-year figure was approximately 500.

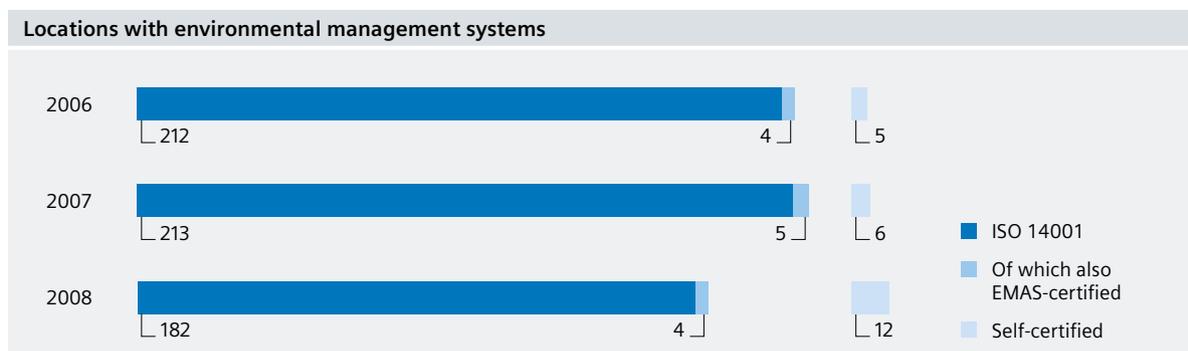
Environmental protection

We operate a system of environmental management that enables us to monitor and control our environmental impacts and performance, not just at all key operating sites but company-wide. We survey and collect the requisite environmental data from our locations through a global information system.

Energy consumption, water consumption, greenhouse gas emissions, VOC emissions, emissions of R11 equivalents, and waste volumes are all key parameters that we track at company level. In fiscal 2008, 315 locations in 37 countries – 100 percent of the company units required to file reports (see page 71) – submitted environmental performance data through SESIS (the Siemens Environmental and Technical Safety Information System). In 2008, our reporting base changed once again: Forty-six new locations were added and 82 were removed – the latter primarily as a result of the sale of Siemens VDO.

Environmental management systems

The number of ISO 14001-certified locations dropped in 2008. This was again primarily because of the sale of our Siemens VDO Automotive (SV) locations, all of which were fully ISO certified. Currently, 78 percent of company sites that are obligated to deploy environmental systems have done so successfully, but we aim to increase this figure to 100 percent by 2011. Any newly acquired locations that rank as having high environmental relevance are given three years in which to obtain ISO 14001 certification. Recent examples include our 30 Siemens Water Technology locations (formerly, US Filter).



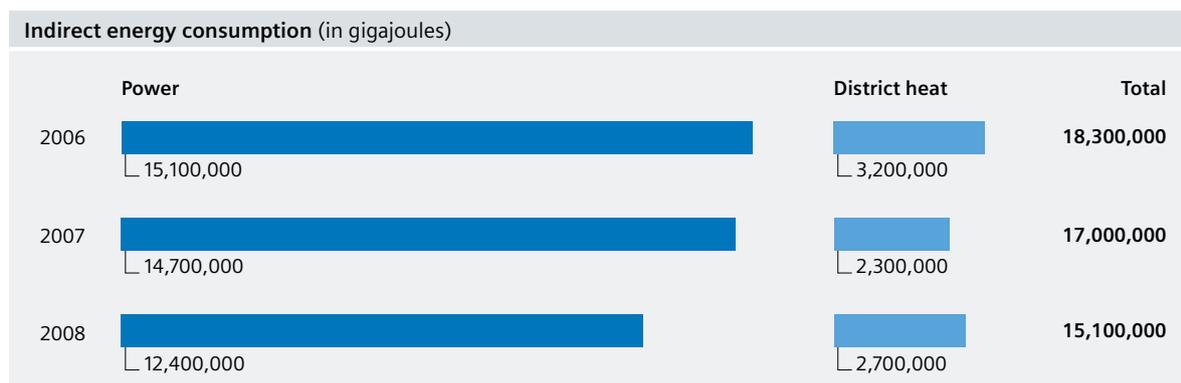
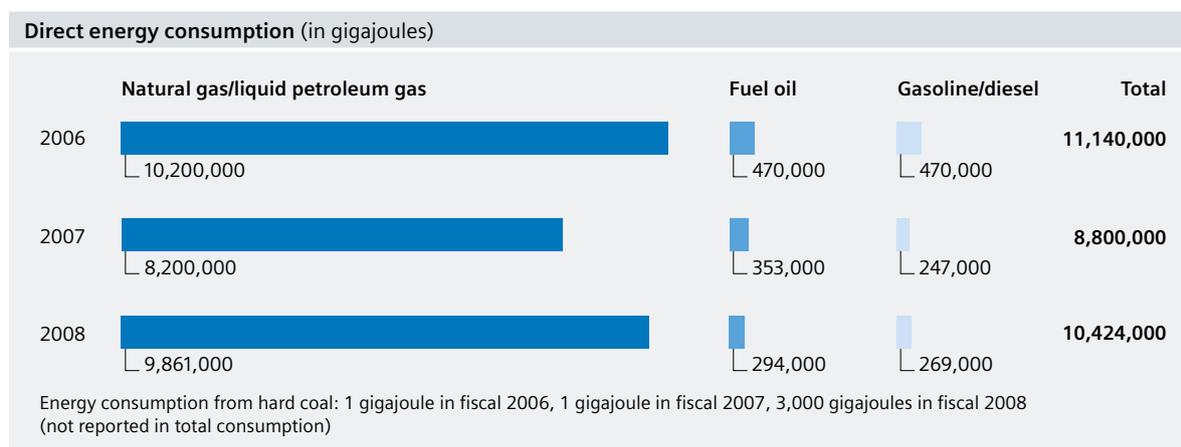
Environmental performance

We monitor our environmental impacts based on absolute figures. At company level, however, we track our locations' environmental performance using standardized, portfolio-adjusted key performance indicators (KPI) – an approach that enables us to survey and compare our environmental performance over time, regardless of acquisitions and disposals. We also use these KPIs to monitor compliance with environmental targets. The KPIs published for last year have been adjusted because the figures included a number of locations that were not manufacturing sites and therefore not relevant for certain environmental targets (see page 71). We've also changed the way we present our figures. This year, we've included efficiency gains, with positive

percentages indicating the increase in efficiency. The efficiency gains are aggregated to track our progress toward achieving our environmental targets for the period from 2007 through 2011. Our goal is to achieve an improvement of 20 percent or more with energy and water, and 15 percent with waste.

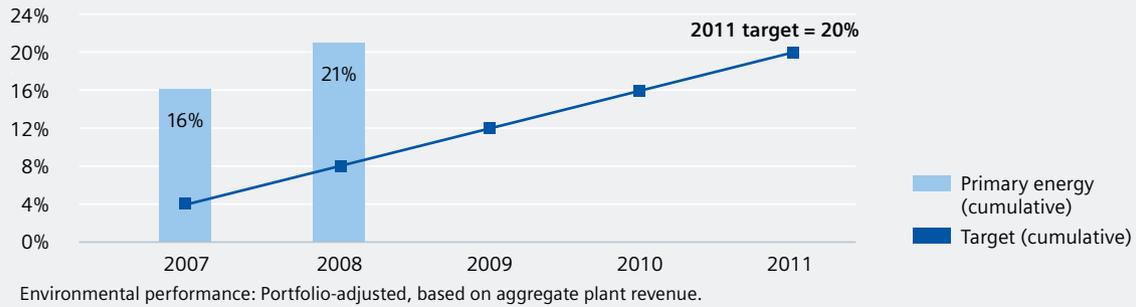
Energy consumption

Although our total revenue grew by 9 percent in fiscal 2008, power consumption recorded at our environmentally relevant locations dropped by around 15 percent. This is largely because the Siemens VDO Automotive (SV) manufacturing locations we sold had higher headcounts and consumed significantly larger quantities of power than the new factories and acquired businesses that we've incorporated into our reporting system.



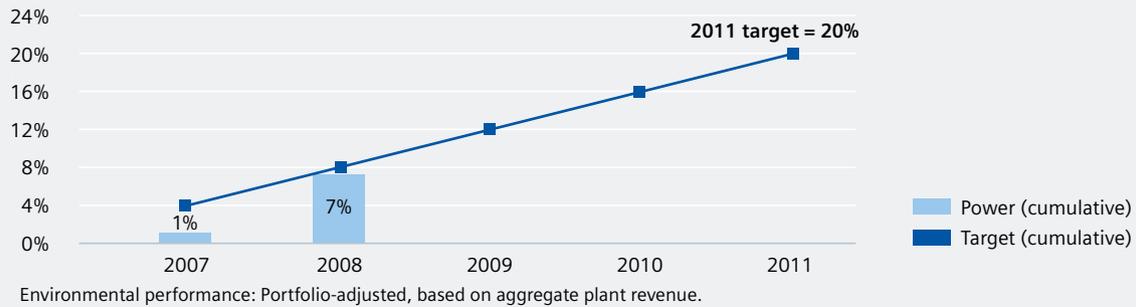
By contrast, our consumption of natural gas and liquid petroleum gas during the reporting period was higher, partly because many of our manufacturing locations were operating at high capacity with three shifts a day, seven days a week. This also required facilities to be heated continuously for six or seven days each week. Nonetheless, we succeeded in achieving a 5-percent efficiency gain in our primary energy and district heating consumption. This KPI represents a 21-percent aggregate saving in relation to sales. We typically achieve reductions in facilities' primary energy requirements through initiatives like re-roofing buildings with better-insulating materials, replacing windows, and modernizing heating systems.

Improvement in environmental performance: Primary energy and district heat



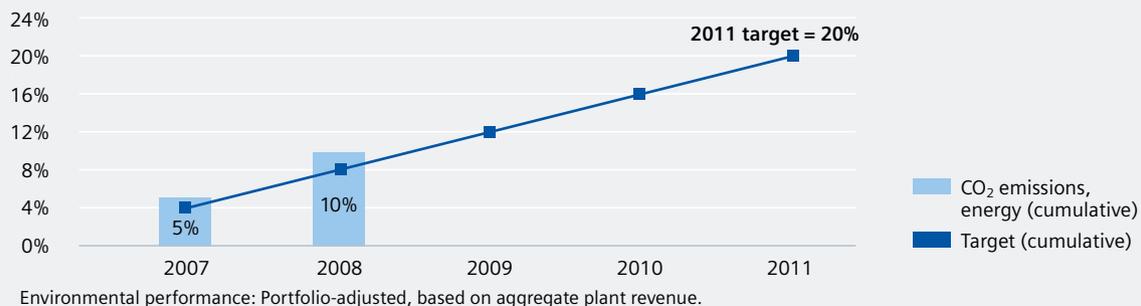
In fiscal 2008, we succeeded in increasing our power efficiency by 6 percent. This equates to a cumulative gain of 7 percent – down slightly on a two-year average of 8 percent. Common measures to reduce power requirements include replacing lighting and equipping drives with frequency converters.

Improvement in environmental performance: Power



Our efficiency KPI for CO₂ emissions improved to 10 percent in the reporting period. This figure is derived from our CO₂ emissions from primary energy and power consumption and therefore lies between the previously stated energy KPIs.

Improvement in environmental performance: CO₂ emissions, energy

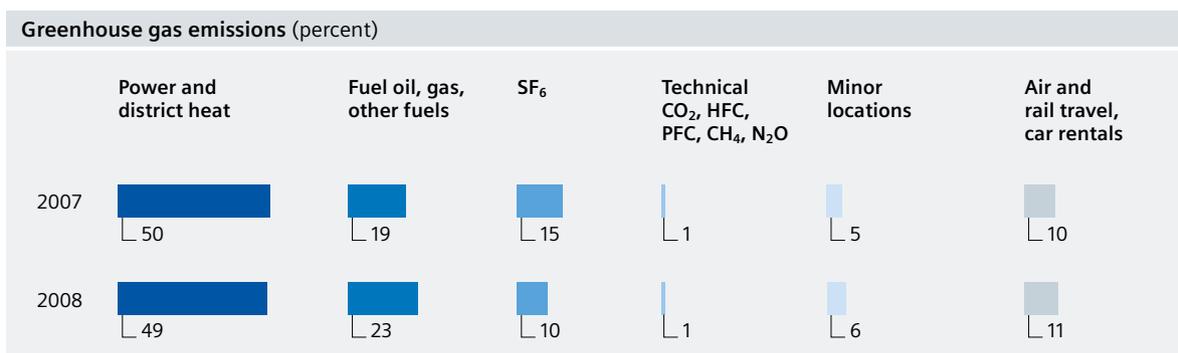


Greenhouse gas emissions

In fiscal 2007, we decided to align our greenhouse gas reporting with guidelines issued by the World Business Council for Sustainable Development and the World Resources Institute (Greenhouse Gas Protocol). All our greenhouse gas emission figures are now calculated according to this system. Specifically, this means:

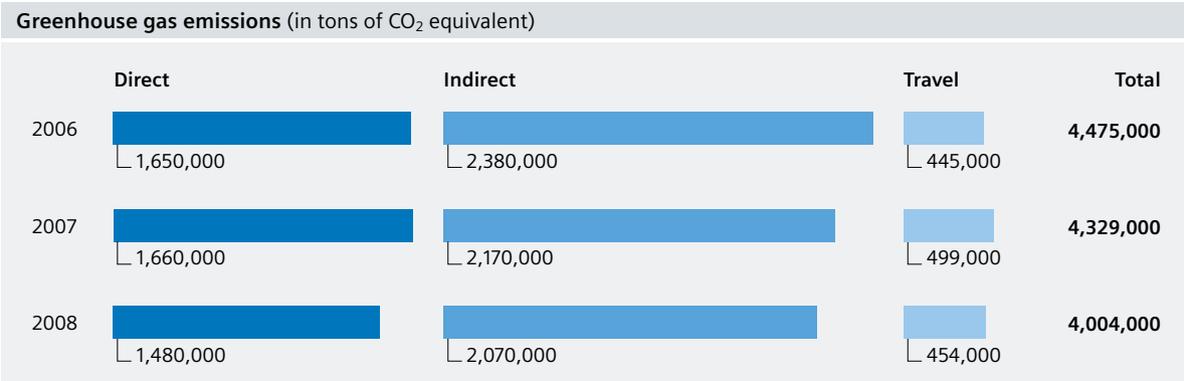
- Emissions figures are extrapolated to 100 percent if the data collected does not cover the whole of Siemens.
- Reporting is based on continuing operations. In other words, figures are adjusted to reflect portfolio changes by eliminating emissions for those locations that have been sold. If no exact figures are available for emissions at recently acquired locations, these are estimated for prior years and added to the series.
- The base year for the computation is fiscal 2005.

In 2008, we again had our greenhouse gas report reviewed and verified by Det Norske Veritas (DNV). Besides ensuring transparency, the verification process gives us an opportunity to discuss our computation methods with experts in this field and to refine these methods from year to year.



Our greenhouse gas emissions in 2008 totaled four million tons. They were primarily caused by power generation, burning fossil fuels, and the emission of sulfur hexafluoride (SF₆) from the manufacture of high-voltage equipment converted into CO₂-equivalents. Other greenhouse emissions were caused by glass furnaces, cooling systems, test stations, small office locations, and business travel.

As the series of figures below shows, our greenhouse gas emissions have dropped steadily since 2006, and in 2008 we succeeded in cutting output by 8 percent from the prior year.



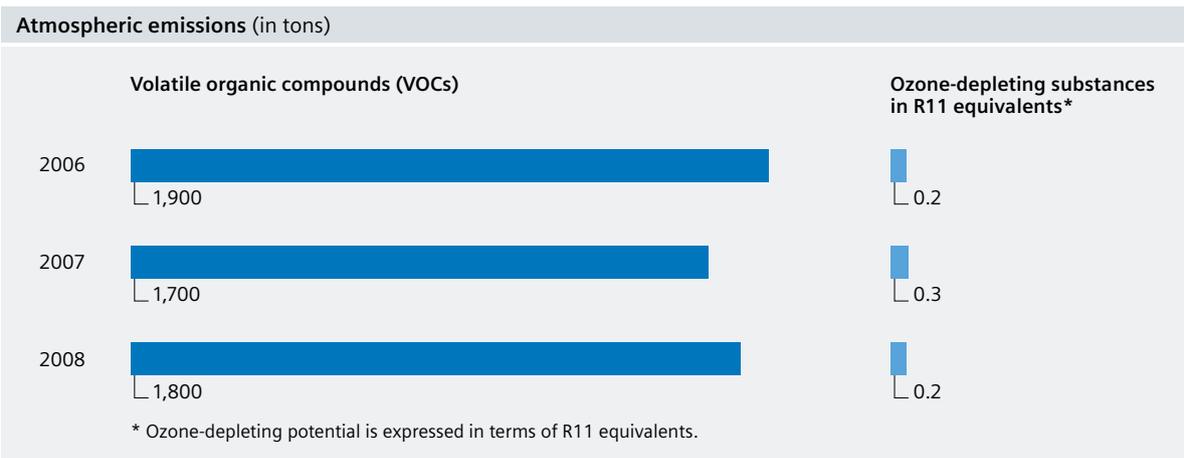
EU emissions trading

Three Siemens installations – two major heating plants and a glass furnace – currently participate in EU emissions trading. Together, their emissions contribute roughly 1.5 percent of our total greenhouse gas output.

Atmospheric pollutant emissions

Climate gases aren't the only industrial atmospheric emissions with an environmental impact. Volatile organic compounds (VOCs), for example, play an important role as precursor substances in the formation of ground-level ozone and are one of the causes of summer smog. We use VOCs as solvents in paints and adhesives and in impregnation and surface-cleaning processes.

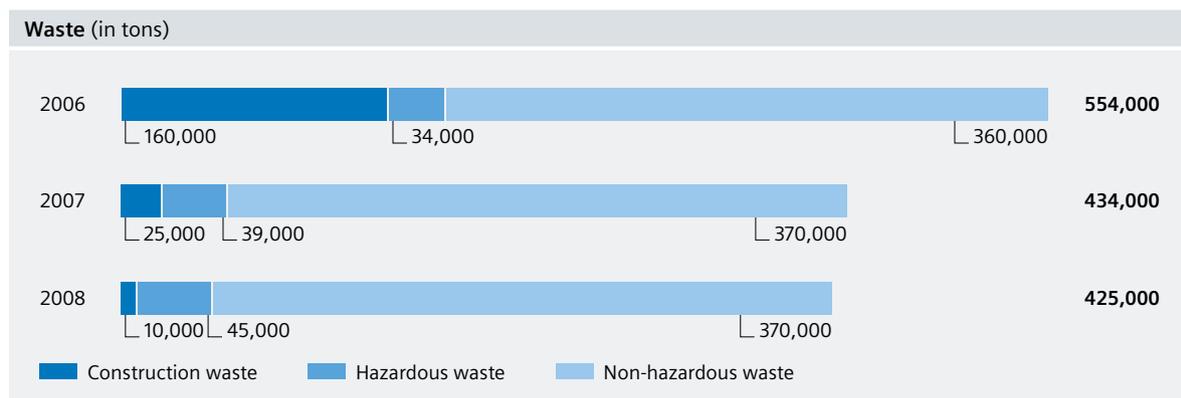
The use of ozone-depleting substances (substances that affect the ozone layer in the stratosphere) is heavily restricted under the Montreal Protocol and under country-specific regulatory initiatives around the world. We have radically cut back on these substances and now only use them in situations where a more ecofriendly alternative is not yet available (as with certain refrigerants, for example). We have kept records of solvent and refrigerant material balances for the relevant processes in SESIS since 2006 to track our emission levels.



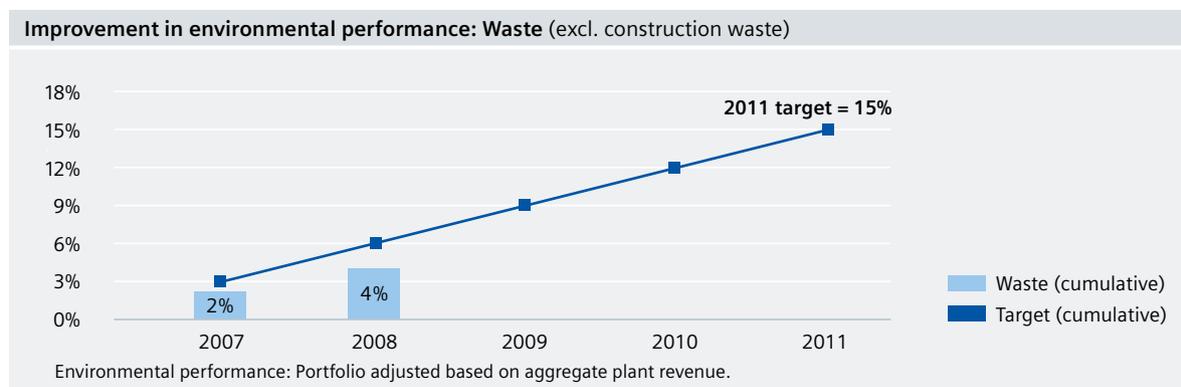
Burning fossil fuels in furnaces and in combustion engines produces environmentally harmful nitrogen oxide emissions. We use furnaces to generate process heat and to heat buildings at numerous company locations. These installations are operated and monitored in accordance with local laws and regulations. We calculate that they emitted 179 tons of nitrogen oxide in fiscal 2008, assuming that typical combustion conditions applied.

Waste

Waste’s environmental relevance depends on how potentially hazardous it is and on how it is disposed of. We therefore differentiate between hazardous and non-hazardous waste and between waste that is recovered and waste that is disposed of. Given that the amounts of construction waste – building rubble and excavated material – depend extensively on the scale of construction and demolition activities in any given year and can have a considerable impact on our total waste figures, we report these materials separately.



In absolute terms, our waste volume has remained relatively constant over the past two fiscal years, but waste intensity has improved slightly. We may not have achieved an average annual reduction of 3 percent yet. However, 2 percent annually means we are on the right track, and we are working constantly to improve our performance in this area. The absolute drop in the waste volume between 2006 and 2007 was due to a decrease in the amount of building rubble. In other waste categories we recorded a 5-percent gain, half of it caused by new company locations.



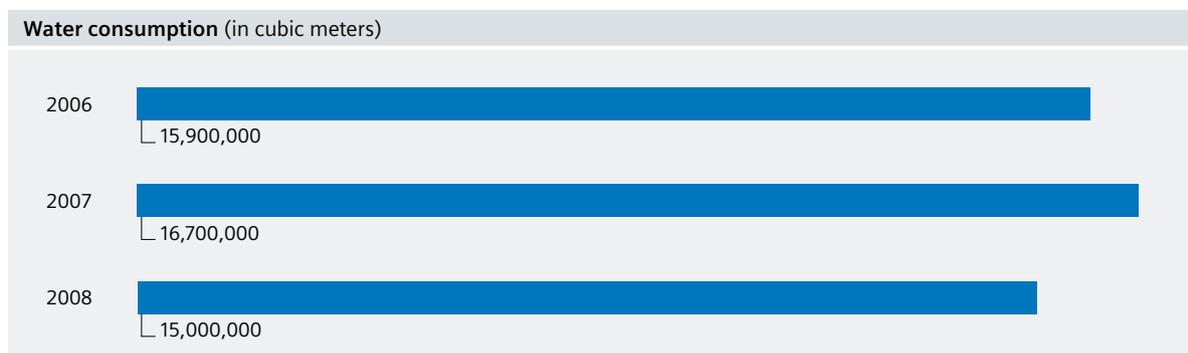
The majority of our building rubble in 2006 was generated by a special building project conducted by our Power Generation Group in Duisburg, Germany: A legacy site purchased by the Group had to be remediated, requiring the excavation and processing of 123,000 tons of contaminated soil. However, the effort was worthwhile: A brand new, large-scale testing center for gas and steam turbines and compressors stands on the site today.

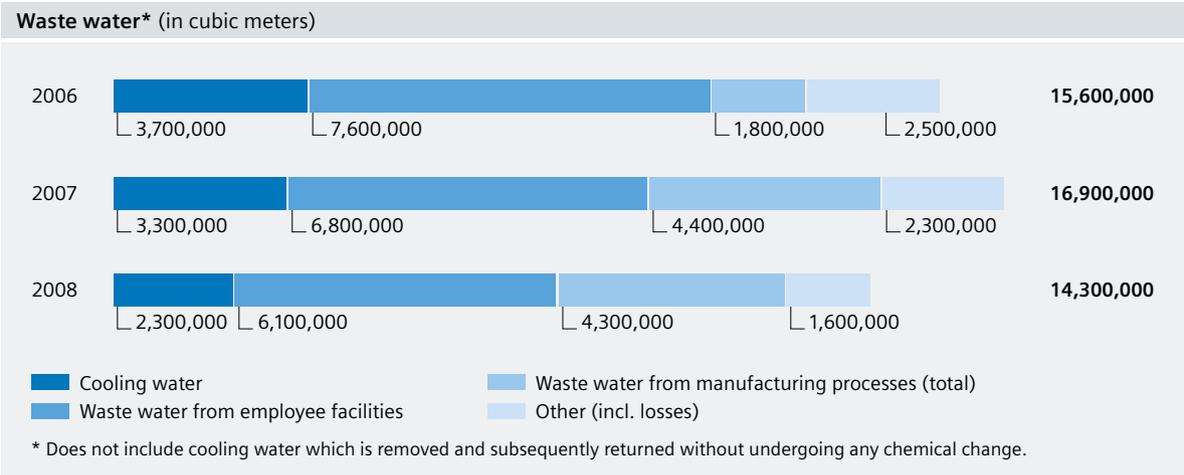
Besides tracking our absolute waste volumes and our environmental performance in the area of waste, we also monitor our recycling: In the reporting period, we matched our fiscal 2006 performance with a recycling rate of 83 percent.



Water and waste water

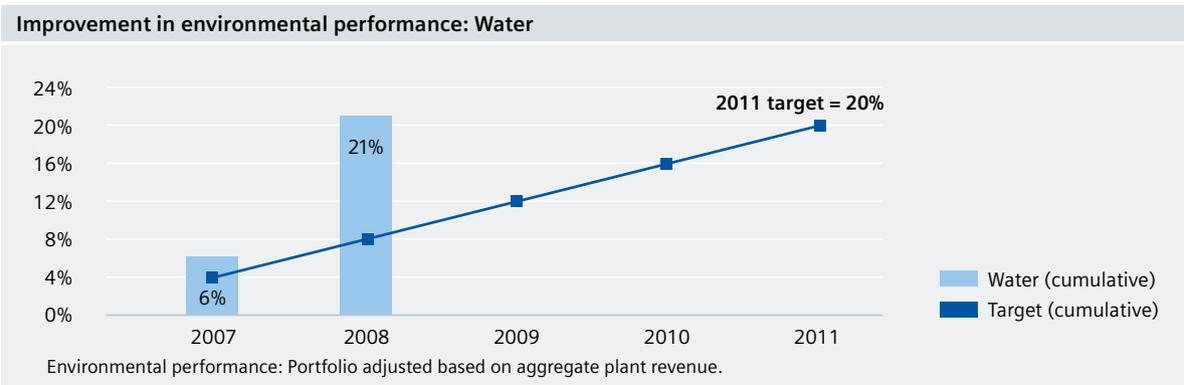
In fiscal 2008, we used around 15 million cubic meters of raw water worldwide. This figure excludes approximately 18 million cubic meters of cooling water drawn from and returned unchanged to groundwater and surface water resources.





Our figure for water consumption was down in 2008 because we stopped collecting data for SV's 58 locations once the unit was sold.

In 2007, 30 Siemens Water Technologies locations were added to our reporting base. This addition is reflected in our figures for waste water generated by manufacturing processes: The new segment accounted for 2.4 million cubic meters.



Ongoing expenses and capital expenditure

In fiscal 2008, our ongoing expenses and capital expenditure on environmental protection totaled €66 million and €22 million, respectively. These figures comprise investments and ongoing expenditure that are clearly related to an environmental issue, such as air pollution or noise, and apply both to end-of-pipe solutions and to production-integrated measures. The figures additionally include expenses associated with setting up and maintaining our environmental management systems. In fiscal 2008, waste disposal and waste water processing charges were also booked to ongoing expenses.

Environmental stewardship forms an integral part of our business processes – not just in manufacturing but also in other areas like product development or sales and marketing. In our factories, we often implement measures that are necessary from a manufacturing or business perspective but also have the benefit of reducing our environmental impact. However, the attendant costs are not reported under environmental expenditure. This means that we actually spend more on environmental measures than we actually show in our environmental reporting.

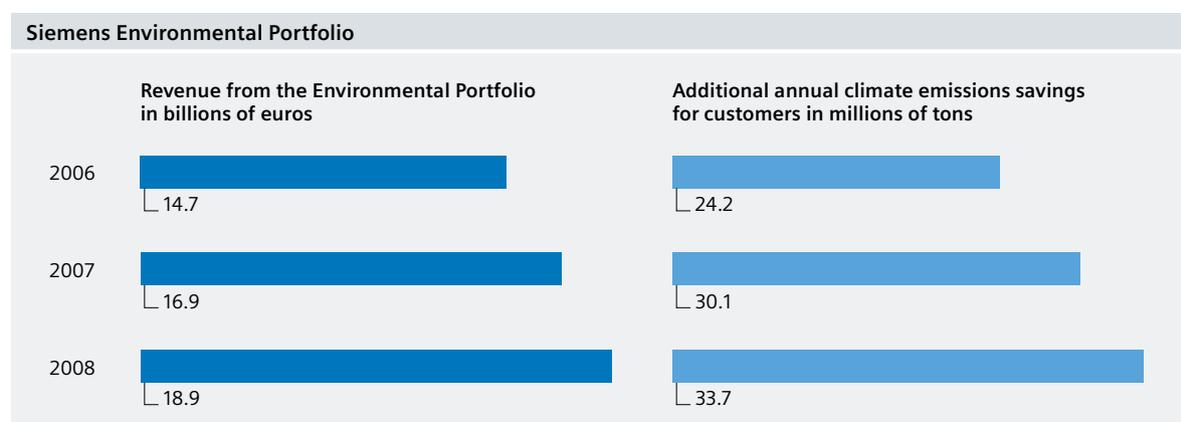
Protecting the environment has a long tradition at Siemens. Over the years, we've invested heavily in waste water treatment, air pollution control, and environmental management systems. Our investments are paying off: We now spend less than in the past on environmental protection. In 1995, for example, our environmental expenditure totaled around €110 million.

Notifiable incidents

We recorded one notifiable incident during the reporting period. We found an old oil tank at one of our legacy sites. The tank was disposed of according to regulations under the supervision of the public authorities. It posed no threat to the quality of the groundwater at any time.

Product responsibility

In fiscal 2008, we succeeded in boosting revenue from our Environmental Portfolio to around €19 billion. This result sends out a strong and encouraging signal, particularly as our environmental products and solutions also helped customers to save around 34 million tons of CO₂ emissions. Also gratifying is the fact that we've made important progress with our Environmental Product Declarations: Products with EPDs now generate 44 percent of the Portfolio revenue.

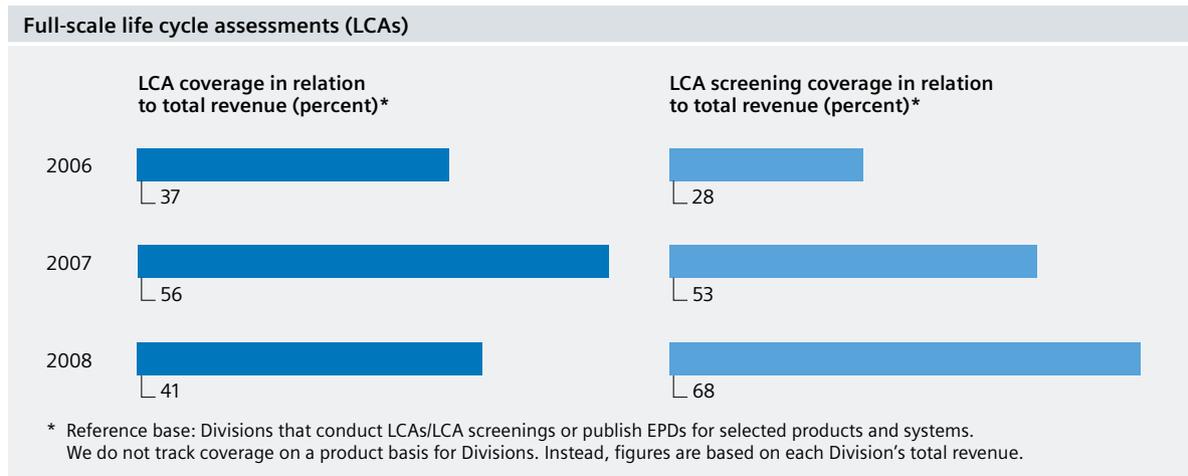


Assessing environmental impacts

We conduct full-scale life cycle assessments (LCAs) or life cycle screenings such as cumulative energy demand (CED) assessments for many of our products. These assessments provide the basis for our environmental product declarations.

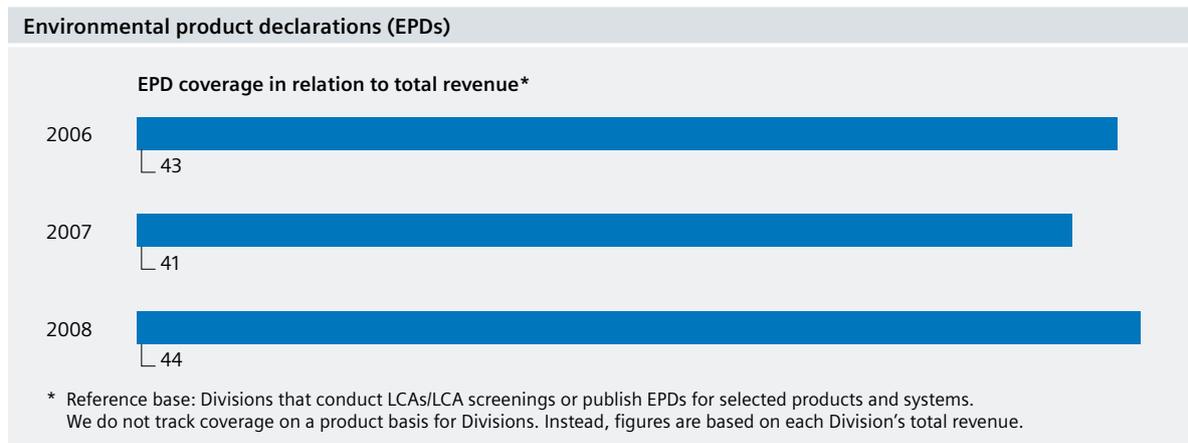
Siemens' recent large-scale reorganization created three Sectors – Industry, Energy and Healthcare – each with its own Divisions. This structural change means that our figures for full-scale and screening life cycle assessments and EPDs for the years 2007 and 2008 are not directly comparable. Although full-scale LCAs have decreased in percentage terms, we in fact carried out life cycle assessments for additional categories of products during fiscal 2008. LCA coverage in relation to revenue may have contracted, but this is because our former Power Generation and Power Transmission and Distribution Groups have been assigned to our newly formed Energy Sector. No LCAs have been conducted as yet for our Oil & Gas and Power Transmission Divisions' solutions because there has been no demand for them among our customer base.

The number of screening LCAs has increased – largely because our OSRAM Division began conducting them during the past fiscal year.



Environmental product declarations

EPD coverage is only marginally higher than a year earlier, even though a large number of new EPDs were published. Prominent recent additions include declarations for the Siemens Gigaset C 470 and for the Magnetom Essenza (an MRI system manufactured by Healthcare). Our Building Technology Division alone published some 250 new EPDs. Going forward, we aim to greatly increase coverage and have made EPDs a priority target in our environmental program.



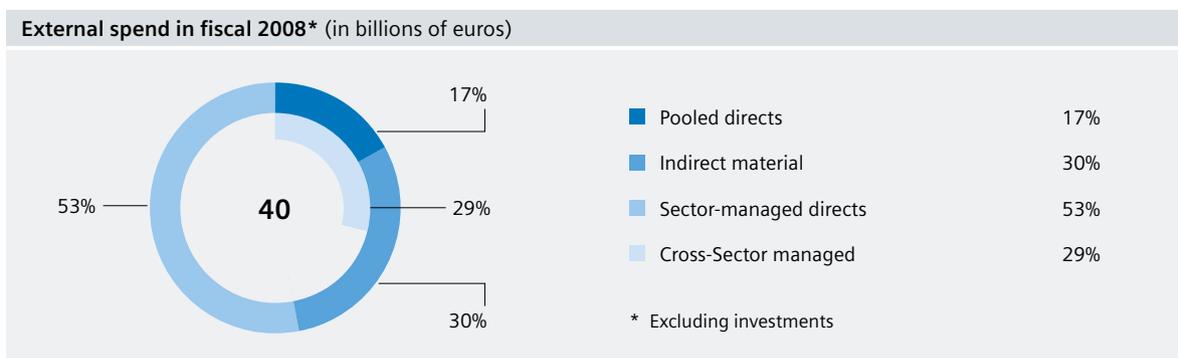
Suppliers

With a purchasing volume of €40 billion in the past fiscal year, Siemens is a huge source of business for suppliers all over the world. Sourcing goods and services on this scale – in a variety of markets and for a large number of locations – poses major challenges for our procurement operations.

Our values and our Business Conduct Guidelines establish fundamental principles of sustainability that apply to the entire company. They define the framework within which our buyers operate in procurement markets and in our global supply chain.

Procurement operations

We source 37.5 percent of our total purchasing volume of about €40 billion in Germany and around 12 percent of third-party products and services in non-OECD countries.



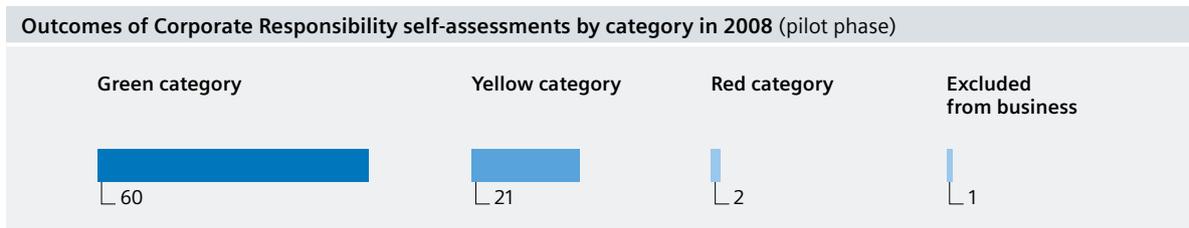
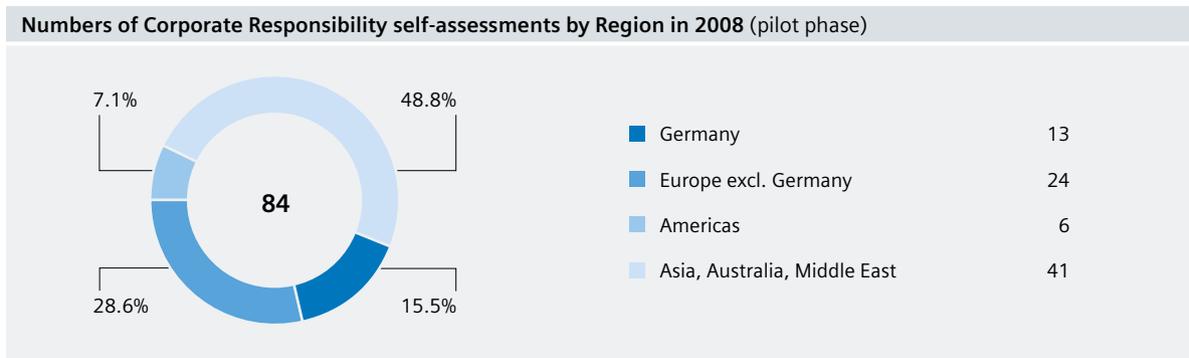
Our purchasing volume is highest in the Industry Sector with 43 percent, followed by Energy with 30 percent and Healthcare with 12 percent. Our Cross-Sector Businesses and corporate units account for the remaining 15 percent.

Supplier management

For fiscal 2008, we're able for the first time to publish figures that demonstrate our success in getting suppliers worldwide to embrace and comply with our Code of Conduct for Siemens Suppliers.

We piloted our Corporate Responsibility self-assessments with 84 supplier organizations in Europe, the Americas and Asia, and the outcome was positive: We were able to class 60 suppliers in the "green" or harmless category.

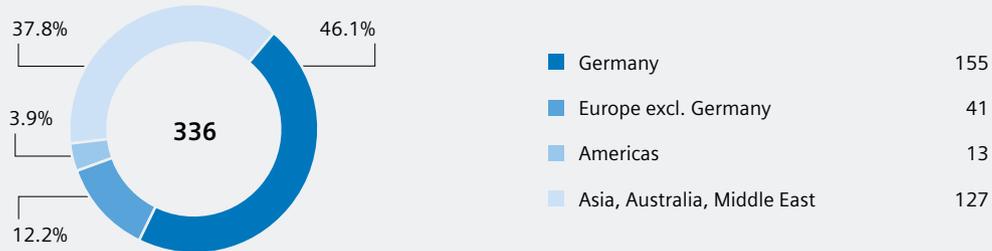
With a further 23 suppliers we reached agreements on a number of improvements to be made; some of these have already been accomplished, whereas others are still in progress because they are more complex to implement. With just one supplier we had no choice but to exclude them from any further business.



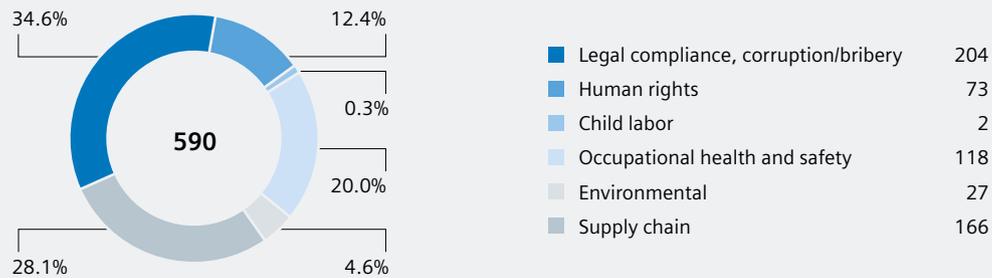
These figures summarize the pilot program's outcomes. We will publish figures for ongoing processes on a regular basis beginning with our 2009 Sustainability Report.

We conduct regular quality audits with suppliers to ensure compliance with the requirements laid out in our Code of Conduct. The majority of suppliers audited – around 60 percent – gave no cause for complaint. The remaining 40 percent, we found, still have a way to go when it comes to implementing certain aspects of our Code of Conduct, and we've agreed with them on appropriate remedial efforts. These pertain for the most part to structural improvements to management systems, such as the completion of internal regulations and the finalization of organizational procedures.

Numbers of supplier audits including the Corporate Responsibility Module by Region in 2008



Breaches identified in supplier audits including the Corporate Responsibility Module by category in 2008



Overall, quality audits based on our Corporate Responsibility Module have produced encouraging results. The businesses we audited met the requirements defined in our Code of Conduct for Siemens Suppliers. In cases where improvements and remedial measures were necessary, suppliers were cooperative, and we had no call to terminate any business relationships.

Employees

In fiscal 2008, our employee base grew by around 7 percent compared to 2007. The gain was due to changes in our group of consolidated companies as well as increased hiring, above all in Europe, the CIS, and Africa. The number of women in the workforce also increased slightly. Headcount growth was fastest in our Asia, Australia and Middle East Region.

Basic figures

Employees*			
	2006	2007	2008
Siemens (based on continuing operations)	371,000	398,000	427,000
Europe, CIS, Africa (percentage of workforce)	–	61	59
Americas (percentage of workforce)	–	23	23
Asia, Australia, Middle East (percentage of workforce)	–	16	18

* Due to changes in the structure of the company, we're unable to provide some of these figures for a full three-year period. However, these figures will be available in our next report.



Women in the workforce (percent)

	2006	2007	2008
Siemens (total)	27	26	26
Europe, CIS, Africa	–	24	24
Americas	–	28	26
Asia, Australia, Middle East	–	32	32

Apprentices and trainees

	2006	2007	2008
Siemens (total)	11,250	9,400	9,300
Europe, CIS, Africa	–	–	1,700
Germany (apprentices only)	7,100	6,300	6,600
Americas	–	–	100
Asia, Australia, Middle East	–	–	900

Employees in advancement programs

	2006	2007	2008
Siemens Leadership Excellence program	–	600	1,100
Top Talents program	–	1,700	2,200
Key Experts program	–	1,000	1,000

Management-level employees*

	2006	2007	2008
Siemens (total)	55,000	49,800	49,200
Women (percentage of managerial workforce)	12.2	13.5	13.4

* Management-level employees include managers with disciplinary responsibility and project managers.

Working hours and working arrangements**Average official weekly working hours**

	2006	2007	2008
Siemens (total)	–	–	39.3
Europe, CIS, Africa	–	–	37.5
Americas	–	–	41.0
Asia, Australia, Middle East	–	–	43.0

Other working arrangements			
	2006	2007	2008
Part-time employees	18,000	12,600	23,300
Employees on leaves of absence	–	–	6,200

Hirings and departures

Our employees' average term of service with the company is currently 12 years. In the past fiscal year, around 58,000 people left Siemens and some 75,000 were hired. Roughly 18 percent of those who departed were dismissed by the company, 50 percent chose to leave of their own accord, and 32 percent went into retirement, left under termination agreements, or because their contracts expired. Of the new hires, 84 percent signed open-ended contracts. Changes to our consolidated companies resulted in a net gain in the headcount of around 12,000 people.

New hires*			
	2006	2007	2008
Siemens (total)	75,200	67,000	74,600
Europe, CIS, Africa	–	27,600	35,200
Americas	–	18,500	19,100
Asia, Australia, Middle East	–	20,900	20,300

* Excluding discontinued operations. The figure for 2008 includes 12,000 additional employees from changes to our consolidated companies.

Women hired (percentage of hirings)			
	2006	2007	2008
Siemens (total)	–	32	31
Europe, CIS, Africa	–	25	28
Americas	–	29	26
Asia, Australia, Middle East	–	45	40

New hires with open-ended contracts (percentage of hirings)			
	2006	2007	2008
Siemens (total)	–	–	84
Europe, CIS, Africa	–	–	80
Americas	–	–	90
Asia, Australia, Middle East	–	–	83

New hires with fixed-term contracts (percentage of hirings)

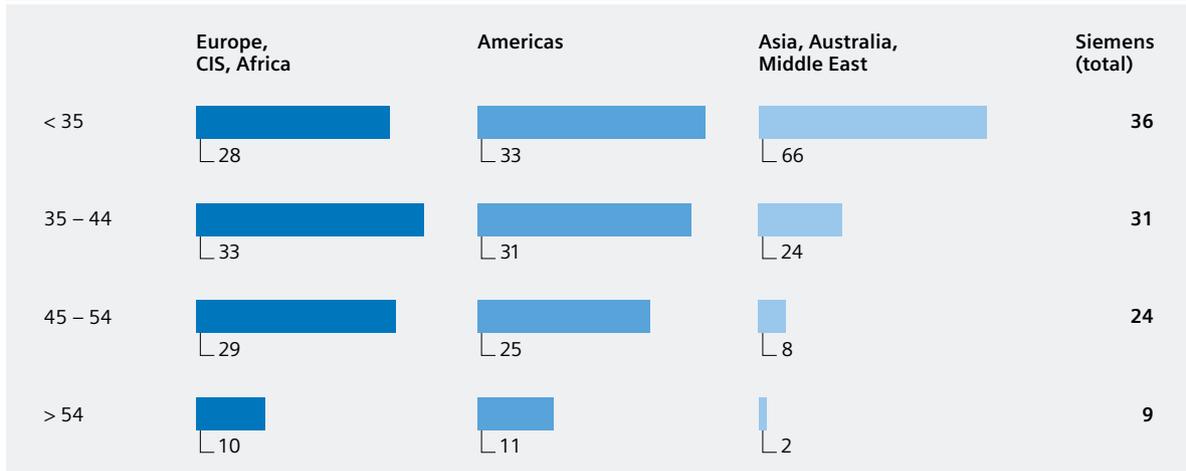
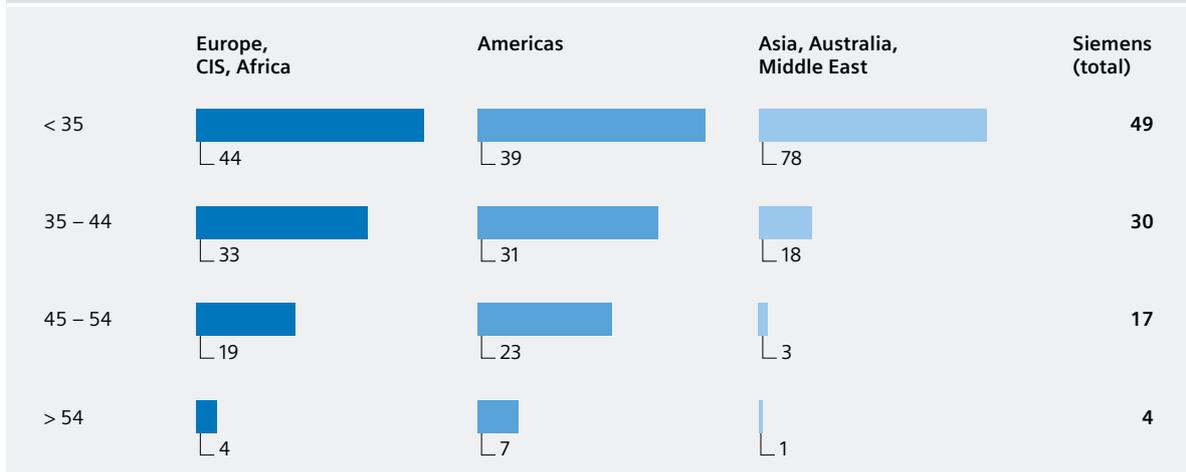
	2006	2007	2008
Siemens (total)	–	–	16
Europe, CIS, Africa	–	–	20
Americas	–	–	10
Asia, Australia, Middle East	–	–	17

Employees' qualifications**Employees' educational backgrounds in 2008** (percent)

	University degree	Engineers (technical university degree)	Vocational training	Unrelated qualifications or no prior training
Siemens (total)	37	23	31	32
Europe, CIS, Africa	36	28	42	22
Americas	31	11	12	57
Asia, Australia, Middle East	45	23	19	36

Women employees' educational backgrounds in 2008 (percent)

	University degree	Engineers (technical university degree)	Vocational training	Unrelated qualifications or no prior training
Siemens (total)	22	13	23	32
Europe, CIS, Africa	17	10	22	37
Americas	34	20	22	23
Asia, Australia, Middle East	26	16	31	40

Employees with a university degree (percent)**Women employees with a university degree (percent)****New hires with a university degree (percentage of hirings)**

	2006	2007	2008
Siemens (total)	–	33	34
Europe, CIS, Africa	–	32	30
Americas	–	23	31
Asia, Australia, Middle East	–	45	43

New hires with an engineering degree (percentage of hiring)

	2006	2007	2008
Siemens (total)	–	19	21
Europe, CIS, Africa	–	22	22
Americas	–	9	13
Asia, Australia, Middle East	–	22	25

Training and continuing education**Expenditure on training and continuing education (in millions of euros)**

	2006	2007	2008
Training	178	165	180
Continuing education	285	211	280
Total	463	376	460

The marked decrease in training and continuing education between fiscal 2006 and 2007 is largely due to the spin-off of our former Communications Group (Com) and the sale of Siemens VDO Automotive (SV). The significant increase in fiscal 2008 was largely attributable to higher demand for training programs. This was driven by a rise in the number of apprentices (up 4.8 percent in Germany alone in 2008) as well as new hires.

Expenditure per employee on training and continuing education (in euros)*

	2006	2007	2008
Continuing education spend per head	600	530	655
Training and continuing education spend per head	975	944	1,077

* Figures are mathematical averages

Average hours of training by employee group (in hours)*

	2006	2007	2008
Corporate management	–	–	50
Top management	–	–	–
New hires (approx. 15/year)	–	–	60
Alumni (approx. 40/year)	–	–	25
New general management appointees (approx. 200/year)	–	–	100
New advanced management appointees (approx. 230/year)	–	–	110
New management appointees (approx. 400/year)	–	–	100

* Based on Siemens Leadership Excellence program participants.

Occupational health and safety

Effective control of occupational health and safety in a company requires detailed key data. In the coming fiscal year, our international occupational safety reporting system will be able to identify figures for the entire company that were previously available only for Siemens AG in Germany.

Reportable accidents at Siemens AG in Germany (per thousand employees)			
	2006	2007	2008
Rate per thousand employees	5.3	5.3	5.0

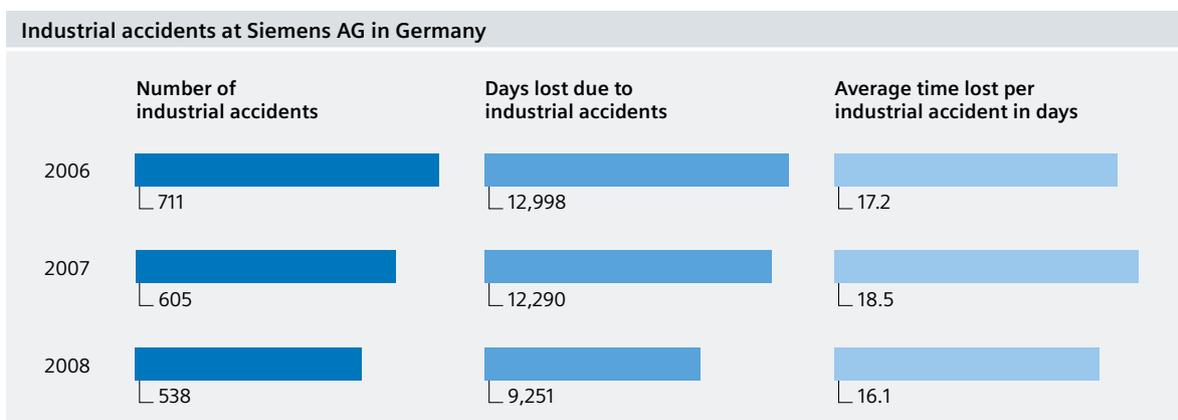
During the past fiscal year, we registered a decrease in reportable accidents per thousand employees at Siemens AG. This welcome development is a result of continuous improvement in our occupational safety measures, such as training courses and workshops, as well as consistent implementation of risk assessments. We will continue these efforts.

Illness level at Siemens AG in Germany (in percent)			
	2006	2007	2008
Illness level	3.2	3.3	3.4

Commuting accidents (including business travel accidents) at Siemens AG in Germany				
	Number of commuting accidents	Days lost due to commuting accidents	Average time lost per commuting accident in days	Number of fatal commuting accidents
2006	497	10,612	18.4	6
2007	396	7,145	17.0	1
2008	452	8,023	16.8	0

Industrial accidents

The number of industrial accidents at Siemens AG dropped about 13 percent during fiscal 2008. This drop can also be credited to improved work safety measures in the company.



Lethal industrial accidents

To our great regret, there was a lethal industrial accident at Siemens AG during the period under review when a worker at a vertical conveyor attempted to fix a mechanical fault. He improperly removed a protective panel with the result that the protective mechanism was no longer effective, and the employee was fatally injured when the system was restarted. The protective mechanisms of all conveyor systems were then examined and refitted.

Fatal industrial accidents at Siemens AG in Germany

	2006	2007	2008
Siemens AG			
Industry	0	0	0
Energy	0	0	1
Healthcare	0	0	0
Contractors			
Industry	*	*	1
Energy	*	*	1
Healthcare	*	*	0

* Worldwide data collection for fatal accidents among contractors did not start until the 2008 reporting period.

We unfortunately also registered two lethal industrial accidents among our contractors during the period under review.

Accidents with lost days

Since there are different hazards and business-related risks in the Industry, Energy, and Healthcare Sectors due to the different ranges of products and activities, and this is reflected in different accident patterns, we present the figures for the three Sectors separately. In the reporting period, the Lost Time Injury Frequency Rate for Siemens worldwide was 0.81, while it was 0.47 for contractors at the Energy Sector. Beginning in fiscal 2009, we will report the Lost Time Injury Frequency Rate on a company-wide basis for contractors as well.

Lost Time Injury Frequency Rate (LTIFR) Siemens worldwide*



* Lost Time Injuries (LTI) are accidents resulting in the loss of at least one day.
Lost Time Injury Frequency Rate: number of LTI's x 200,000/hours worked in 2008.

LTIFR for selected Regional Companies

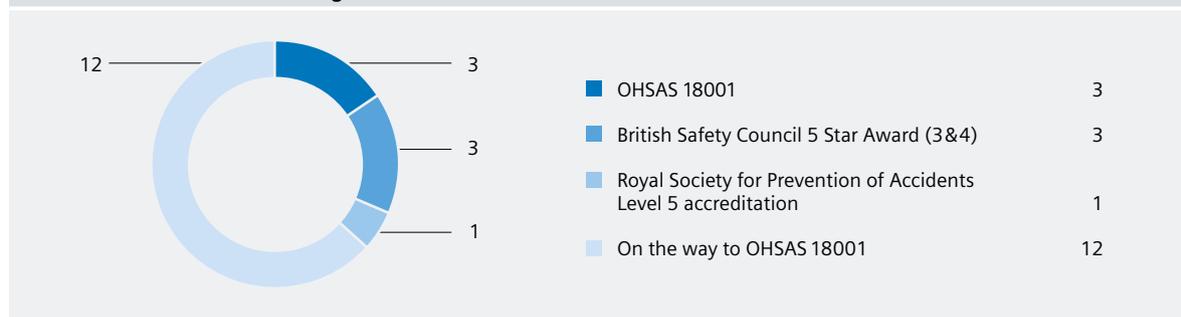
Country	2006	2007	2008
Australia and New Zealand	0.96	0.56	0.31
Belgium	0.82	0.74	0.77
Canada	1.70	1.38	2.78
Denmark	0.005	0.002	0.003
Finland	0.40	1.40	0.30
France	1.36	0.82	1.74
Greece	3.48	1.23	0.16
Hong Kong	1.22	0.79	0.49
India	0.35	0.24	0.34
Ireland	0.88	0.00	0.70
Italy	1.01	1.08	1.13
Netherlands	0.46	0.18	0.28
Norway	0.90	1.10	1.20
Pakistan	0.64	0.54	0.57
Portugal	1.61	2.85	3.49
Slovenia	1.00	1.00	3.00
South Africa	0.40	0.90	1.20
Spain	2.20	1.99	2.34
United Kingdom	0.92	1.13	0.95

Certifications

In the coming years we will continuously expand certifications of worker protection management systems already in place in our Regional Companies and Divisions. This goal is also part of our worker and health protection program, which we adopted in fiscal 2009.

Certifications	
Regional Companies and Divisions	Certified by
Belgium	PME CERT
Germany	Berufsgenossenschaft Feinmechanik und Elektrotechnik
Finland	Det Norske Veritas
France	Bureau Veritas
Greece	Ministry of Labor
Hong Kong	Registered Safety Auditor
Netherlands	Bureau Veritas
Norway	Veritech
Taiwan	Regional Inspection Office of Council of Labor Affairs, Execution Yuan
Mobility	Det Norske Veritas
Power Generation	Lloyd's Register Quality Assurance GmbH

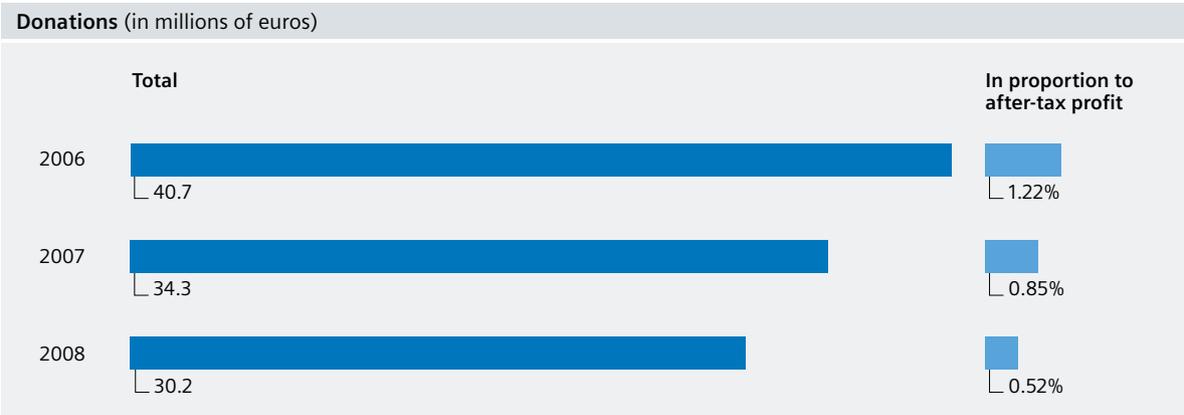
Certifications in the United Kingdom



Society

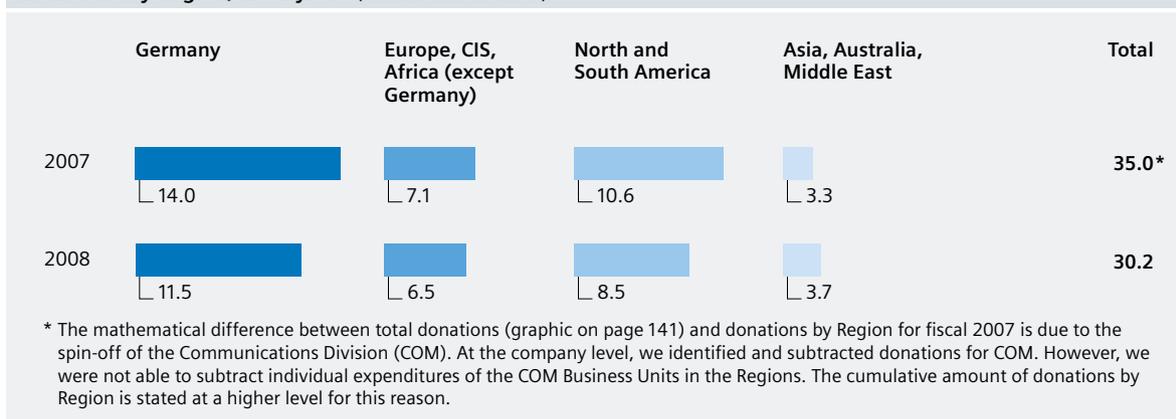
Our goal is to make measurable contributions toward the further development of the societies in which we work – in other words, in and around our locations. Effectiveness and transparency are the main criteria on which we orient our involvement.

Our charitable activities



Donation expenditures have dropped significantly in comparison to after-tax profits. Various factors are responsible for this. For instance, during the last fiscal year, Siemens made two large donations to the Siemens Foundations in the United States and Germany. In Germany we endowed the Siemens Stiftung with €390 million, while the Siemens Foundation in United States received support in the amount of US\$50 million (approximate €33 million). For the sake of comparability, these expenditures are not included in the key data shown.

In general, we also concentrated our donation activity more on strategic programs and projects, and monitored the use of funds even more intensively. So while the total donation amount declined, the applied capital was used in a way that was more targeted, more effective, and thus also more sustainable.

Donations by Region, fiscal years (in millions of euros)

Our clear focus on Germany in the worldwide distribution of donations is due to the fact that Siemens AG has its headquarters and its historical roots in Germany. As one of the largest employers in Germany, we bear a special social responsibility here.

Structural considerations also play a part in explaining this. Our corporate headquarters and also the main offices of the three Siemens Sectors are located in Germany. Since the headquarters have a decisive role when allocating donations, it is only natural that the donation volume is greatest here; this argument also applies for our second-largest market: the United States. There, too, our Sectors have central locations that originate major donation activities. The main offices thus provide examples that can be emulated and locally adapted by our Regional Companies as a way of best-practice sharing.

Donations according to categories compared by fiscal year (in millions of euros)

	2006	2007	2008
Arts and culture	5.0	5.5	7.5
Humanitarian and social issues	7.2 ⁽¹⁾	11.5	9.6
Education and science	8.6 ⁽²⁾	17.3	13.1
Dialogue	2.2	– ⁽³⁾	– ⁽³⁾
Amounts less than €2,500	15.2	– ⁽³⁾	– ⁽³⁾
Other	2.5	–	–
Total	40.7⁽⁴⁾	34.3⁽⁵⁾	30.2

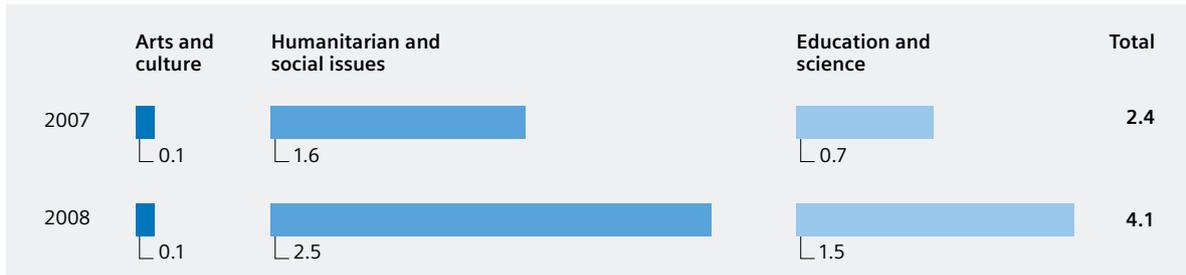
(1) Still carried in the category of General welfare in 2006

(2) Still carried in the category of Learning and research in 2006

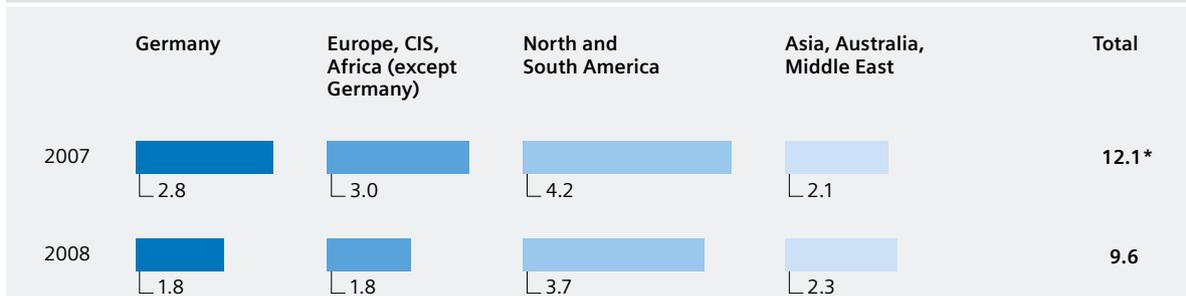
(3) Measures were assigned to the new categories

(4) Education, General welfare, Arts and culture, Dialogue

(5) Education and science, Humanitarian and social projects, Arts and culture

Of that, donations in kind* (in millions of euros)

Last year's introduction of the three categories of Art and culture, Humanitarian and social issues, and Education and science had an extremely positive result on donation monitoring. As part of the process existing for this purpose, the reporting system can build on significantly improved data quality with regard to both completeness and accurate allocation.

Donations in the field of Arts and culture, by Region (in millions of euros)**Donations in the field of Humanitarian and social issues, by Region (in millions of euros)**

* The mathematical difference between the total donations by category (graphic page 142) and the donations for the individual category "Humanitarian and social issues by Region" for fiscal 2007 is due to the spin-off of the Communications Division (COM) (see above).

Donations in the field of Education and science, by Region (in millions of euros)

Nonetheless, in the interest of a full-coverage and transparent worldwide reporting system, a comprehensive, compliance-based, next-generation monitoring system is being developed: a system that will allow clearly distinguished recording of contributions (including contributions in kind) and expenditures for sponsoring, memberships, and preservation of interests.

Project expenditures

Siemens promotes nonprofit projects and organizations worldwide with donations. Siemens also initiates its own projects in the areas of education (Siemens Generation21), social concerns (Siemens Caring Hands), and the arts (Siemens Arts Program). These expenditures are referred to as project expenditures.

Project expenditures for social involvement within Corporate Communications⁽¹⁾ (in millions of euros)

	2006	2007	2008
Corporate Citizenship, worldwide coordination	5.5	6.0	7.5 ⁽²⁾
Capital expenditures for projects	15.8	15.6	15.6
Total	21.3	21.6	23.1

Project expenditures by category (in millions of euros)

	2006	2007	2008
Projects relating to communities, including donations (Siemens Caring Hands)	4.7	4.4	3.8
Projects relating to educational programs, including donations (Siemens Generation21)	6.2 ⁽³⁾	6.0	5.6
Siemens Arts Program	1.9 ⁽⁴⁾	1.9 ⁽⁴⁾	1.9 ⁽²⁾
Other projects	2.4 + 0.6 ⁽⁵⁾	2.2 + 1.1 ⁽⁶⁾	4.3

(1) The figures for fiscal years 2006 and 2007 are only partly comparable due to their different bases of calculation (for instance, acquisition/divestment of company units, categories of donations in kind). For example, Siemens VDO is still included in the expenditures for 2006, but no longer included in those for 2007; OSRAM is included in the data for 2007, but not yet in those for 2006.

(2) Material and personnel costs were included in the budget for the Siemens Arts Program (€1.2 million) for the first time in the course of the reorganization and are therefore included under "Corporate Citizenship, worldwide coordination." Project-related expenditures (€1.9 million) have remained constant.

(3) Contains the additional budgets from Corporate Finance (CF) for Siemens Generation21: school (€1.8 million) and college (€1.9 million).

(4) Through fiscal 2007, the budget for the Siemens Arts Program was not assigned to Corporate Communications (CC) but to the Chief Executive's Office (CO). It was assigned to Corporate Communications (CC) starting in fiscal 2008.

(5) Communication on environmental topics relating to sustainability projects; this material category was no longer included under Corporate Citizenship in 2007.

(6) Projects relating to communities, including donations; communication relating to sustainability projects: only for OSRAM, was not included in 2006.

Making a difference

Our Caring Hands projects are helping people worldwide

Our worldwide charitable program, Siemens Caring Hands, encompasses employee volunteer projects, disaster relief measures and support for nonprofit organizations. Assisting disadvantaged people in some 60 countries, the program focuses on activities in the areas of water supply, healthcare, education and integration.

United States: Award-winning projects

Every year, Siemens USA presents Caring Hands Community Excellence Awards to employee teams that have successfully implemented outstanding and innovative community service projects. Since Caring Hands was launched in 2002, the company has donated a total of some \$300,000 to more than 350 employee projects.

Sierra Leone: Siemens-UNICEF partnership

At a raffle in December 2007, Siemens employees raised €100,000 for UNICEF's survival package campaign. Distributed among 36 health centers in Sierra Leone, the money was used to provide sick children with urgently needed medicine.

South Africa: Youthspace project

Siemens South Africa is supporting five homes that offer safe havens to between 40 and 50 children from disadvantaged backgrounds. In addition to shelter and regular meals, the children in the homes receive care, attention and the schooling they will need to become valuable members of society.

Pakistan: Light for Life

Solar power systems supplied by Siemens Pakistan are providing some 40 families in the remote Kashmiri village of Sharda Maidan with access to electricity and enabling the nearby health center to provide around-the-clock medical care.



© UNICEF

Thanks to donations from Siemens employees, UNICEF could purchase medicine for 36 health centers in Sierra Leone.

Bangladesh: Drinking water for cyclone victims

After Cyclone Sidr hit Bangladesh in November 2007, Siemens installed 20 SkyHydrant water filters to supply urgently needed drinking water in the areas affected. Employees at Siemens' local Regional Company also contributed two days' salary to fund disaster relief measures.

Further information online:

- > Corporate Responsibility at Siemens
www.siemens.com/responsibility
- > Siemens Caring Hands
www.siemens.com/caringhands

Goals

Our sustainability goals reflect major challenges and issues for our company. We prepared and defined these goals through joint analyses with the relevant departments.

- Specialist departments are responsible for defining goals and performance in the individual areas of compliance, environmental protection, product responsibility, employees, occupational health and safety, and society. They set the goals in harmony with company strategy, and regularly report to the Managing Board on their implementation.
- Our strategy for long-term corporate decisions is also reflected in the company's sustainability goals. They, too, are designed to be long-term. After all, goals should provide strategic orientation and be sufficiently ambitious. For this reason they must not be confused with short-term measures serving implementation.
- The goals defined in the last fiscal year will be continued the subsequent year and commented upon according to their degree of implementation.

Compliance **Page 148** | Environmental protection **Page 149** | Product responsibility **Page 150**
Suppliers **Page 152** | Employees **Page 154** | Occupational health and safety **Page 156** | Society **Page 158**

Compliance

The proceedings against Siemens in the U.S. and in Germany were terminated simultaneously as a consequence of our full cooperation with the investigating authorities, our uncompromising response to all incidents, and our comprehensive Compliance Program. Our long-term goal is to anchor integrity more firmly in the company as the basis of responsible and ethical behavior.

Compliance violations must not occur at Siemens again. For this reason we will continue to develop our Compliance Program along its present lines. The simplification and further integration of our compliance processes will be a main focus of our work. As part of our Collective Action Initiative, we intend to cooperate with other stakeholders in driving our activities to combat corruption. We will report on this matter in greater detail in our 2009 Sustainability Report.

We plan on conducting another worldwide employee perception survey in fiscal 2009. The results of the survey – together with compliance performance – will continue to be a major component of the compliance-related incentives for our senior managers. The survey results and compliance performance are also key performance indicators of compliance at Siemens in general.

Compliance goals	
Goal	Target date
Controls and processes	
– Follow-up on the implementation of compliance controls in high-risk entities and operating units with particularly high business volumes, which was completed in March 2008 by introducing these controls in all remaining entities.	9/2009
Stabilization and further development of Compliance Program	
– Simplify existing compliance processes and integrate compliance more intensively into existing business practices.	9/2010
Training	
– Introduce online training in the revised Business Conduct Guidelines on a global basis in about 15 languages.	starting 9/2009
Tone from the top	
– Further intensify internal compliance communication.	ongoing
Compliance Monitor	
– Comprehensively support the monitor in his activities.	ongoing

Environmental protection

We first published quantified targets for reducing our environmental footprint in fiscal 2006: By 2011 we aim to improve our carbon, energy and water performance by 20 percent and our waste performance by 15 percent.

We've made solid progress toward achieving these targets during the past two fiscal years. Our portfolio-adjusted key performance indicators demonstrate that we've accomplished significant efficiency gains. In addition, we've set up project schedules for all those company locations that need to introduce environmental management systems but haven't done so as yet. The purpose of these schedules is to ensure that these facilities are independently audited by the end of 2011 at the latest. With new locations, we specify a transitional period in which they must align with our standards and they are required to define project schedules.

Going forward, we will doubtless see the global recession impact our business. Given that plant revenue is our baseline performance measure, we can expect poorer relative performance in fiscal 2009 in spite of continuing efforts to boost efficiency.

Environmental targets		
Target	Target date	Status
Improve our energy performance by 20 percent for: – Primary energy and district heat – Power	9/2011	Our primary energy and district heat performance has improved by 21 percent; with power, we've improved 7 percent.
Improve our CO ₂ performance by 20 percent.	9/2011	Our performance has improved by 10 percent.
Improve our water performance by 20 percent.	9/2011	Our performance has improved by 21 percent.
Improve our waste performance by 15 percent.	9/2011	Our performance has improved by 4 percent over a two-year period. We need to step up efforts if we're to achieve our targeted annual improvement of 3 percent.
Ensure that all environmentally relevant* locations deploy an environmental management system.	9/2011	Project schedules have been defined and are being implemented.
Introduce environmental reporting at all locations* required to submit reports.	9/2008	All locations* required to submit reports did so in 2008 via SESIS.

* As defined in our thresholds mandating environmental reporting and environmental management systems (see page 71).

Product responsibility

Today we are already playing an important role in protecting the climate and the environment with our ecological products and solutions – a role we plan to continuously expand with the Siemens Environmental Portfolio.

And we are on the right course: the amount of CO₂ saved through the products and solutions in the Environmental Portfolio has increased considerably since 2006. In the last fiscal year, we already reached over half (54 percent) of our goal of achieving 275 million tons of savings among our customers by fiscal 2011. During the same period, we increased sales with the Environmental Portfolio to €18.9 billion.

Drive concepts for the future: Siemens Corporate Technology provided the drive train for an electric-vehicle prototype. In this way, we are pursuing the goal of exploring opportunities and challenges of an overall concept for electric mobility and its value-added chain.



Product responsibility goals		
Goal	Target date	Status
Increase revenue from the Environmental Portfolio to €25 billion.	9/2011	Our revenue is currently at €18.9 billion.
Increase the amount of CO ₂ savings among customers through Siemens products and solutions to 275 million tons per year.	9/2011	Our customers currently save 148 million tons of CO ₂ per year.
Increase the number of business areas voluntarily discontinuing use of materials in electronic products restricted by the RoHS guidelines even though the products are not affected by the RoHS guidelines.	ongoing	13 Business Units with their own electronics production facilities have already converted some lines to lead-free soldering.
This applies for all business areas within the area of applicability (own electronics production), which currently covers over 90 percent of products in all.*		There are voluntary new developments in line with the requirements of the RoHS guidelines in four Divisions in the Industry Sector and one Division in the Energy Sector.
Increase the number of Divisions with environmental product declarations based on Siemens' SN 36 350-7 standard "Environmental Product Declarations."	9/2010	We have created and issued about 250 new EPD's in the Building Technology Division.
Also have the Environmental Product Declarations created by the Drive Technologies, Industry Solutions, Power Transmission, Power Distribution, Fossil Power Generation, and Renewable Energy Divisions.		Environmental Product Declarations for additional Divisions are being prepared and will be published in fiscal 2009.
Develop training modules on:		
– Environmentally compatible design of products and systems based on SN 36 350 (development module), and	10/2009	Work already began at a workshop in March 2009.
– Integration of materials restrictions into the requirements for suppliers (purchasing module).	10/2008	The goal has been partially achieved. We have developed our own website on the subject of "Environmental protection and technical purchasing security." We have created contract provisions for purchasers that simplify the delivery of rules to suppliers with regard to materials restrictions and provide "Notes for purchasers on laws governing chemical agents." Considering the great importance of the subject, there will be additional activities and training events during the current fiscal year.
Completely integrate materials restrictions into the agreements with suppliers.	10/2010	Implementation takes place continuously.
* A Business Unit is considered converted when at least 90 percent of its products comply with this voluntary commitment. One-hundred-percent conversion is not always possible since some products cannot be converted due to technical or economic reasons (for instance, availability of components, long-term delivery obligations).		

Suppliers

The declared goal of Corporate Responsibility in the supply chain is to help implement responsible business practices. The objective is internal and external capacity building for sustainable development in the supply chain.

During the period under review, we contractually bound 87 percent of our most important suppliers to observe our Code of Conduct for Siemens Suppliers. They include the suppliers we identified with our supplier initiative, which began in 2007. By the end of the period under review, we successfully piloted 84 Corporate Responsibility self-assessments with our suppliers. We were thus able to start the company-wide rollout of the Corporate Responsibility self-assessment in January 2009.

As part of the uniform company-wide Supplier Qualification process, Siemens now has a worldwide online qualification module we can use to verify compliance by our suppliers with the requirements of the Code of Conduct for Siemens Suppliers.

Supplier goals		
Goal	Target date	Status
Require our most important suppliers worldwide to observe the sustainability requirements of our Code of Conduct for Siemens Suppliers.	9/2008	Worldwide we have contractually required 87 percent of our most important suppliers to observe the Code of Conduct for Siemens Suppliers. In addition, compliance with the requirements in the Code of Conduct has been a compulsory part of our ordering conditions since July 2007.
Complete piloting and begin implementation of the CR self-assessments for Siemens suppliers.	9/2008	Piloting of the CR self-assessments has been successfully concluded, and we began worldwide implementation in January 2009.
Set up a worldwide monitoring system for Supplier Development.	9/2008	Due to restructuring and reorganization of the procurement organization in the context of company restructuring, we have deferred this goal to 12/2009 (see new goals).
Analyze the possibilities for how we can report overall on improvement of the sustainability performance of our suppliers on the basis of knowledge gained from our monitoring activities. Approaches include: – The evaluation of sustainability performance contained in the audit record of the audited suppliers and – The total evaluations from the CR self-assessments.	9/2010	In the 2008 Sustainability Report we report for the first time on improvement steps initiated by our suppliers on the basis of the conducted CR self-assessments and regular supplier quality audits with a CR Module.

Supplier goals		
Goal	Target date	Status
Intensify training and education activities for Siemens auditors with regard to audit contents on the Code Conduct for Siemens Suppliers and consolidate our future activities in a worldwide training and education plan.	9/2008	We have continuously improved and intensified training and education activities for the auditors in our Sectors and Regions based on our experience with implementing the CR Module as part of the regular supplier quality audits. We have methodically prepared this process at the company level and supported it with appropriate measures. Among other things, these included a special training module on the CR Module at our Learning Campus training institute. Moreover, we have continued our successful plan of Procurement Compliance Conferences, and have accordingly trained a total of over 400 employees worldwide at the senior management level in procurement, quality management, legal and compliance functions in compulsory events for Europe (Prague), India (Mumbai), U.S. (New York), and Latin America (Mexico and Colombia).
Define a quantified performance goal and deadline with which we will improve the ratio of positive feedback from suppliers on our sustainability management system.	9/2010	In the course of piloting the CR self-assessments we tested the feedback function and implemented it worldwide as part of the current rollout of the CR self-assessment process. On this basis we receive corresponding results, which we will report on with quantification for the first time in the 2009 Sustainability Report. We will simultaneously publish a quantified goal and deadline.

New goals	
Goal	Target date
Processes and IT systems: Integrate corporate responsibility in the supply chain in the relevant procurement processes and relevant central and decentralized IT procurement systems. We hope to achieve this by: – Further developing the sustainability-related procurement processes – particularly in the selection and evaluation of suppliers – and improve our related reporting processes. Primarily with regard to increase transparency and auditability; – Implementing and conducting the CR self-assessments with priority in higher-risk countries; – Implementing the CR Module component as part of the supplier quality process with priority in higher-risk countries; – Commission external service providers to conduct independent sustainability audits of ten suppliers in higher-risk countries (a pilot project which is part of an internal, company-wide project to examine options for the ongoing worldwide expansion of existing detection modules); – Integrating the requirement to observe the Code of Conduct for Siemens Suppliers and the worldwide online CR self-assessment in our Supplier Qualification process and the electronic supplier data platform <i>click4suppliers</i> ;	9/2009
– Setting up a monitoring system worldwide for Supplier Development.	12/2009
Information and training: – Continue information and training activities to anchor corporate responsibility in the supply chain in the Siemens Procurement Network and with the relevant interface partners. Among other things, this includes employees from Legal and Compliance, as well as Quality Management;	9/2009
– Develop a concept for a modular, online training program. Initial worldwide pilot projects are planned for fiscal 2009. Starting in fiscal 2010 we plan to provide online training on corporate responsibility in the supply chain for employees from procurement and the relevant interface departments.	10/2009
Continuous inclusion of stakeholders: An analysis of feedback from our suppliers and other stakeholders. We thus hope to further improve corporate responsibility in the supply chain.	9/2009

Employees

Siemens operates in about 190 countries with 427,000 employees, and employees from over 140 countries today work in the company's 10 largest regional markets. For Siemens as a globally operating, integrated technology company, it is becoming increasingly important to acquire talent and create an environment that allows them to attain key functions in the company worldwide. In addition, diversity is an important instrument for increasing our competitiveness and simultaneously assuring the future viability of our company. This is why Siemens has set itself the goal of being a diversity leader.

For companies that, like Siemens, depend on top talent and make substantial investments in employee training and ongoing education, it is important to bind employees to the company for the long term. The Share Matching Plan helps in these efforts. It is part of a company-wide program which we hope will give employees a stake in the company and its long-term success.

Employee goals	
Goal	Target date
Employee participation	
– Roll out the Siemens Share Matching Plan in 50 more markets.	9/2009
Employee recruitment	
– Implement a worldwide recruiting standard.	9/2010
Employee qualifications	
– Establish a Global Learning Landscape for competence development in business learning and implement it in the relevant regions.	9/2010
– Further expand the Global Learning Portal for employee training and continuing education.	9/2010
Diversity	
– Define key performance indicators to quantify and manage diversity at Siemens.	9/2009
– Systematically cultivate diversity among our managers.	9/2011

Our innovations for environmental protection

Research and development have always been a top priority at Siemens

In fiscal 2008 alone, we invested about €3.8 billion in R&D. And that investment has paid off: Our 32,300 researchers, working at 150 R&D centers around the world, submitted 8,200 invention reports during the year. One key to this success is the more than 1,000 joint research projects we've launched with universities, research institutes and industrial partners worldwide.

We honor our best innovators with Inventor of the Year awards for outstanding innovations. Two of the winning researchers are showcased below:

Turning waste into a resource

A process for extracting high-grade crude oil from oil sands and tar sands has made Canada one of the world's major oil-producing countries. Unfortunately, this technology has some undesirable consequences: The gasification of oil sands – one part of the upgrading process in which heavy bitumen from the sands is converted into high-grade crude oil – is a viscous sludge of soot particles. Tackling this problem, Siemens chemist Chad Felch developed a process that converts 90 percent of the particles into carbon dioxide. The Wisconsin native also determined that certain heavy metals found in the sludge can be used as catalysts to enhance the oxidation process – effectively turning hazardous waste into a valuable resource. At the core of Felch's innovation is the process of wet-air oxidation, originally used to treat sewage sludge and heavily polluted industrial wastewater. The inventive researcher optimized this process for the new application.

Fewer CO₂ emissions from turbines

Siemens engineer Frank Hannemann has refined the so-called integrated gasification combined cycle (IGCC) process for low-carbon fossil power generation. Today's IGCC power plants convert fossil fuels into a synthesis gas from which CO₂ can be separated for subsequent underground storage. All that remains is hydrogen,



Frank Hannemann, Innovator of the Year 2008.

which burns without producing any harmful substances. The conversion process, while ecofriendly, reduces efficiency. With Hannemann's innovation, syngas is combusted in the turbine not with air, but with oxygen diluted with CO₂. The exhaust gas contains only steam and CO₂, and part of the CO₂ is fed back into the turbine. The advantage of this innovative process is that all the energy of the synthesis gas is used in the turbine, increasing overall energy efficiency.

Further information online:

- > Research and Development at Siemens
www.siemens.com/innovations
- > Pictures of the Future
www.siemens.com/pof

Occupational health and safety

We pursue the goal of remaining above the industry average when it comes to occupational health and safety. This is why we established an international reporting system on occupational health and safety in fiscal 2008.

Starting in the coming fiscal year, this will allow us to report worldwide on the most important key data on occupational health and safety for all locations and construction sites, as well as relevant suppliers. We deferred a benchmarking project planned for 2008 until the coming year. Instead, in 2008 we had an external environmental, health, and safety assessment performed, which produced valuable notes for improvement: for the structure of the organization, for implementing worldwide management systems, for standards, goals, and auditing processes.

Company program determines new goals

After the end of the period under review, we will adopt a company-wide program to further improve occupational health and safety. After all, the health and safety of each individual who works for or with Siemens is a basic principle of all our business activities worldwide. Promoting health and safety is therefore a central aspect of our corporate culture and also a fundamental prerequisite for sustainable corporate success.

Our company program on worker protection provides important goals for the coming years.



We expect our suppliers, service providers, and other partners to also give high priority to the issue of health and safety in their area of work.

Occupational health and safety goals		
Goal	Target date	Status
Bring to 80 percent the proportion of non-compliance cases in the area of occupational health and safety that are clarified within 10 days.	ongoing	We are currently examining various options for integrating the necessary monitoring into existing IT systems at the company. Plans call for this monitoring function to be implemented worldwide by 9/2010.
Bring to 100 percent the proportion of noncompliance cases in the area of occupational health and safety that are clarified within 60 days.	ongoing	We are currently examining various options for integrating the necessary monitoring into existing IT systems at the company. Plans call for this monitoring function to be implemented worldwide by 9/2010.
Perform a benchmarking project worldwide to improve our goals and methods.	12/2008	Modified methodological approach: external environmental, health, and safety assessment (EHS) performed. Goal thereby achieved.
Introduce a monitoring system worldwide to regularly inform management.	starting 9/2008	Monitoring system introduced as part of the internal reporting system that is already being implemented.
Introduce self-evaluation for project and production locations.	1/2009	Done: project and production sites evaluate themselves as part of SESIS even with regard to occupational health and safety (analogous to OHSAS 18001).
Introduce integrated, risk-controlled company audits (including occupational health and safety).	4/2009	In our occupational health and safety program we have made it obligatory throughout the company to perform hazard evaluations at work stations, to the extent this is not already required by national law (see new goals).

New goals	
Goal	Target date
In the Healthcare Sector, reduce the number of industrial accidents to less than five per 1,000 employees.	9/2010
Introduce an occupational health and safety management system according to OHSAS 18001 or a comparable standard in all units of the company.	9/2012
Perform and document hazard evaluations at all workstations to the extent this is not already required by national law.	9/2012
Examine all materials with especially hazardous characteristics that are used in production, maintenance, and service as to whether there are less hazardous substitutes or alternative methods without those materials.	9/2011
Catalogue and document tools, equipment, production facilities and systems, etc. at all locations that still contain asbestos and evaluate the hazard they pose for employees.	9/2012
Modify tools, equipment, production facilities and systems, etc. that release asbestos fibers even when used according to directions so that there are no longer health risks for employees.	9/2012
Develop and introduce a healthcare policy for Siemens employees worldwide and derive from it a basic, globally uniform healthcare concept for all business travelers.	9/2012
Review our risk management for further options for promoting occupational health and safety. Our primary aim here is to intensify monitoring of the implementation of our company-wide program for occupational health and safety. We will report on the results of the review and any further steps in the Sustainability Report 2009.	4/2010

Society

In fiscal 2008, we continued to develop our worldwide reporting system for donations. With improved data quality, we can now gather information on all nonprofit expenditures by Siemens even more reliably, thereby ensuring both the objectives and the effectiveness of our activities.

As a consequence of establishing the Siemens Stiftung and of the associated labor and expense, some goals had to be downgraded and deferred for the next fiscal year. Nevertheless we successfully implemented three model projects as strategic citizenship partnerships with our Sectors, as planned. In addition, we developed a set of analytical instruments with which we can determine the significance of our social involvement, and tested core elements with representatives from our Regional Companies.

In our citizenship programs, we pursue long-term projects oriented to the concept of sustainable development.



Society goals		
Goal	Target date	Status
Build Sector-related citizenship partnerships with key customers and/or strategic partnerships for capacity building in the areas of education, volunteerism, and disaster relief (three model projects in each Sector).	9/2009	We pursued achievement of the goal with the following projects: Industry Sector: Utilize technologies for water preparation for disasters and in the world's poorest regions, for instance in cooperation with the UNESCO Foundation. Energy Sector: "With Energy into the Future" digital media collection for schools Healthcare Sector: Earthquake relief in China
Increase Siemens' share of worldwide donation volume that can be allocated to defined humanitarian/social emphasis programs to 80 percent.	4/2010	Goal was achieved by introducing the three categories > Arts and culture > Humanitarian and social issues > Education and science and through better data quality when collecting via the existing Adstar tool.
Continue developing the worldwide reporting and consulting system for citizenship activities.	9/2008	The financial reporting system was created and is in the pilot phase. We have deferred preparation of a content consulting system to fiscal 2010 (see new goals).
Develop a set of analytical instruments to determine the significance of social involvement including, among other things, an evaluation method for Regional Companies.	9/2008	Goal largely achieved: We developed the Assessment Tool Corporate Citizenship on the basis of workshops and tested it with representatives from our Regional Companies.
Introduce the set of analytical instruments in key regions.	starting in 10/2008	We postponed the rollout due to establishment of the Siemens Stiftung and the associated management capacities, deferring the goal to 2010 (see new goals).

New goals	
Goal	Target date
Prepare and introduce the content consulting system for citizenship activities.	9/2010
Introduce the analytical instruments in key regions.	9/2010
Further support the Siemens Stiftung in its development phase – for example, in the (further) development of transferrable corporate citizenship projects, concepts and management processes of overarching interest (analysis, cooperation, evaluation, monitoring, etc.).	9/2010
Coordinate the company's corporate citizenship strategy with the nonprofit activities of the Siemens Stiftung – in order to optimize the projects' effectiveness.	9/2010

Evaluation

Transparency and credibility are important criteria for the external evaluation of our sustainability performance. Not only the public, but also the financial market, rating agencies and our customers pass daily judgment on the way we fulfill our responsibilities.

- A good reputation is the basis of good business, and we thus want to be seen as a responsible company by all our stakeholders. We regularly analyze what our business partners and important multipliers think of us and deduce from this what we could do even better. In addition, awards that we receive for our sustainability achievement are an important indication of the way the public sees us.
- The ability of companies to deal with the challenges of the future and achieve profitable growth on a sustainable basis is also becoming an increasingly important factor on the stock exchanges. We thus work closely with analysts and investors and inform them regularly and openly about all sustainability matters at Siemens.
- To ensure that the information we offer is reliable and credible, we have our systems, processes and achievements examined by independent third parties wherever appropriate. This also applies to our Environmental Portfolio and emissions from our operations that affect the climate – we have successfully had the data from these areas checked for correctness by external experts.

Sustainability indices and funds

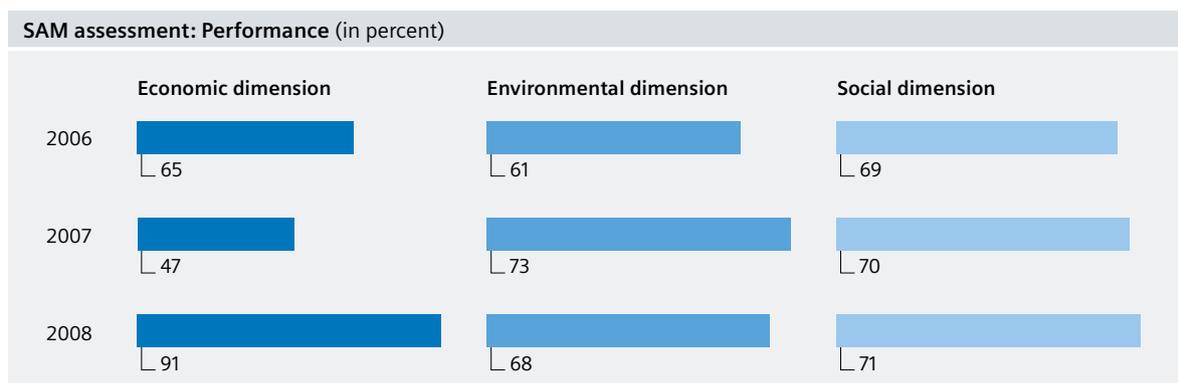
Companies are examined by various institutions for their sustainability strategy, their ecological and social achievements and the quality of their reporting. The evaluations of the sustainability-oriented rating agencies are particularly important.

Energy efficiency and environmental protection play an important role for investors who have specialized in sustainable investments. Since we as a company place a high value on open dialogue and clear communication with all investors, we provide comprehensive information on environment-related and other non-financial topics on our websites. In addition, we inform the investors regularly at our Annual Shareholders' Meeting, and through our financial reporting, roadshows and several hundred individual presentations about the way Siemens is also meeting long-term challenges.

We orient our strategy to the global trends – demographic change, urbanization, climate change and globalization – and the consequences for our business. In our view, a company must be managed on the basis of sustainability in order to be profitable and successful.

Sustainability-oriented ratings

In the interest of ethically or ecologically conscious investors, rating agencies determine which companies are most sustainability oriented. One of the most highly accredited methods is that used by the Swiss SAM Group for the annual selection of companies for the Dow Jones Sustainability Indexes. In the 2008 evaluation, Siemens was listed for the ninth time in a row in the Dow Jones Sustainability World Index (DJSI World) and in the European Dow Jones STOXX Sustainability Index (DJSI STOXX).



In this rating, where companies are classified in three categories, Siemens achieved “Silver Class” status. In the electronic equipment sector, Siemens was even selected as “SAM Sector Leader.” This means that, in the opinion of the jurors, our company is best positioned to exploit the opportunities provided by economic, ecological and social developments and manage the resulting risks.

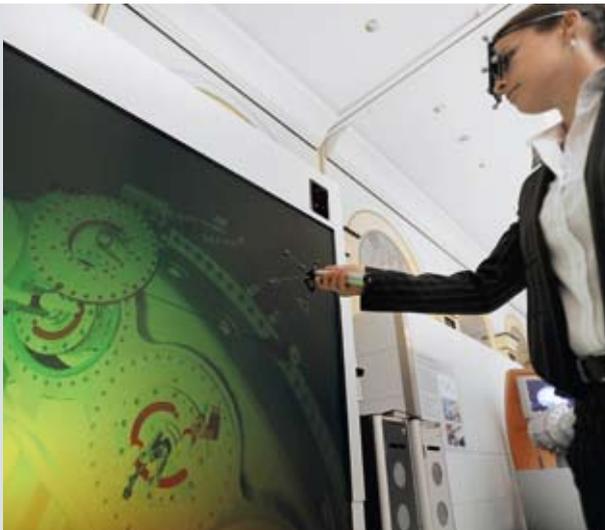
Our commitment to sustainability is also confirmed by our inclusion in the Carbon Disclosure Leadership Index (CDLI) of the Carbon Disclosure Project. In the 2008 CDLI, Siemens was ranked No. 2 in the manufacturing section.

The following sustainability funds invest in Siemens:

Sustainability funds	
Name of fund	Share of fund (in percent)
HSBC GIF Climate Change	5.02
LBBW Global Warming Strategie	3.09
ING (L) Invest Climate Focus (P Cap)	2.82
iShares DJ EURO STOXX Sustainability 40 (DE)	2.68
Schroder ISF Global Climate Change Equity	2.60
DWS Invest Climate Change	2.45
OYSTER Global Warming EUR	2.25
DWS Bildungsfonds	2.16
DWS Klimawandel	2.10

Source: Nachhaltiges Investment, a selection of funds in which Siemens ranks among the top ten investments (as of December 31, 2008).

Siemens Innovation Day 2008.



Further information online:

- > Socially responsible investment
www.siemens.com/responsible-investment
- > Carbon Disclosure Project
www.cdproject.net
- > Investor Relations
www.siemens.com/investors
- > Siemens Annual Report
www.siemens.com/annual-report

Reputation

A company's reputation influences customer purchasing decisions just as much as it does the company's attractiveness as an employer. How good a company's reputation is depends increasingly, however, on whether it is perceived to be responsible.

That's why we have adopted a variety of measures to assess our reputation and our stakeholders' opinion of our actions. The brand screen, with which we regularly analyze the reputation of the Siemens brand, is one important indicator. The awards we receive are also a key gauge of how the public sees and judges us.

Surveys of business partners and multipliers

As part of the brand screen process, we regularly ask our business partners how they perceive us in terms of our values – responsible, excellent and innovative. Multipliers such as analysts, political leaders, journalists and scientists are also included in the survey. This computer-aided telephone assessment is conducted annually in twelve selected countries. It establishes, for example, whether Siemens is seen as a company that helps improve the quality of life in its surroundings.

Sustainable action serves the interests of future generations.



The results of the latest survey, which was conducted in fiscal 2008, vary from region to region. While business partners and multipliers in Germany, Brazil and China, for example, generally believed that Siemens had a positive influence on the quality of life in its environment, respondents in France and the Netherlands were more skeptical.

The fact that our rating in Germany, the UK, Brazil and the U.S. was much better this year than last year is due, we think, to our comprehensive compliance measures and to our battle against corruption, which is regarded as a success.

Awards by society

Siemens was one of the first recipients of the German Sustainability Award presented by German President Horst Köhler for the first time in December 2008. Our OSRAM Division was honored for its wide-ranging portfolio of energy-efficient products and the research and development achievements associated with them. Before receiving the award, OSRAM was subjected to an intensive evaluation process, which focused on the Division's sustainability activities along the entire value chain.

The jury for the German Sustainability Award includes experts like Dr. Volker Hauff, Chairman of the Council for Sustainable Development, Professor Hans Joachim Schellnhuber, Director of the Potsdam Institute for Climate Impact Research, and Angelika Zahrnt, Honorary Chairwoman of Friends of the Earth Germany (BUND).

The German Sustainability Award for overall commitment went to BSH Bosch und Siemens Hausgeräte GmbH, the joint venture established by Siemens and Robert Bosch GmbH in 1967. The jury was impressed by BSH's energy-efficient household appliances and its activities along the entire value chain.



Further information online:

- > German Sustainability Award 2009
www.deutscher-nachhaltigkeitspreis.de
- > OSRAM wins the German Sustainability Prize for energy efficient products
www.siemens.com/sustainabilityprize-OSRAM
- > German Sustainability Award for BSH
www.siemens.com/sustainabilityaward-bsh

Indices

It is our declared aim to become a benchmark in transparency. As part of this drive, the Sustainability Report offers various options for obtaining information quickly and easily. In this context, we have cross-referenced the relevant contents of this Report to the principles of the UN Global Compact and to the guidelines of the Global Reporting Initiative (GRI).

- The Siemens Sustainability Report 2008 comprises a progress report on our implementation of the principles of the UN Global Compact. For each of the Compact's ten principles, we explain which management systems and guidelines have been established at Siemens and which implementation measures have been taken.
- As a service for interested stakeholders, we are providing an index in which the content of our Sustainability Report is linked to the core indicators of the GRI guidelines (revised version of October 2006, G3).
- In addition to the contents of this Report, we also refer to the Siemens Annual Report 2008.

Index related to the UN Global Compact **Page 168**

Index related to the Global Reporting Initiative guidelines **Page 171**

Index related to the UN Global Compact

Siemens has been a participant in the UN Global Compact since 2003 and has expressly committed itself to the Compact's ten principles. This Sustainability Report, 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.

During the year under review, we intensified our commitment to the Global Compact. When we revised the Siemens Business Conduct Guidelines, we made the ten principles of the Global Compact binding for the entire company.

Within its sphere of influence, Siemens is also committed to promoting the values defined in the Global Compact with respect to human rights, employee rights, environmental protection and the fight against corruption. This commitment is an integral part of our business strategy and our business transactions.

That's why we expect our employees, suppliers and business partners around the world to observe the following guidelines:

- The Universal Declaration of Human Rights,
- The European Convention for the Protection of Human Rights and Fundamental Freedoms,
- The Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labor Organization (ILO),
- The ILO's Declaration on Fundamental Principles and Rights at Work,
- The OECD Guidelines for Multinational Enterprises,
- The Agenda 21 Plan of Action for Sustainable Development, and
- The UN Convention Against Corruption.

We refer to the principles of the UN Global Compact not only in the following index but also in the index in which the content of this Report is cross-referenced to the Global Reporting Initiative guidelines (in the chapter "Index related to the Global Reporting Initiative guidelines").

Index according to the ten principles of the Global Compact			
Principle	Systems	Measures	Achievements
Principle 1 Support of human rights	With our Business Conduct Guidelines we have also committed ourselves to observing human rights and the core work norms.	In fiscal 2008, we revised our Business Conduct Guidelines. Additions included committing ourselves to observing the basic principles of the United Nation's Global Compact and the United Nations Convention against Corruption.	Some of the reports made to the ombudsman and the compliance helpdesk "Tell us" in the period covered by the report involved possible violations of work norms. We followed up these incidents and disciplinary measures were instigated where necessary.
Principle 2 Exclusion of human rights abuses	With our Code of Conduct for Siemens Suppliers we ensure that these basic rights and principles are also observed in our supply chain.	To monitor the observance of the Code of Conduct for Siemens Suppliers, we have established a comprehensive control system. We trained our employees in application of the Code of Conduct.	> Key figures: Compliance, page 114
Principle 3 Assurance of freedom of association	> Success factor – Integrity, page 48 > Management: Suppliers, page 88		In the period covered by the report, 336 supplier quality audits were conducted with a CR auditing module. In the process we identified a total of 590 potential improvements: around 12 percent involved structural improvements of the management systems in the area of human rights. We have agreed on improvement measures with 23 suppliers.
Principle 4 Elimination of all forms of forced labor	Members and external stakeholders can report suspected violations to the ombudsman and the compliance helpdesk "Tell us." We investigate all statements and instigate disciplinary measures where necessary.	> The Siemens Compliance Program, page 61 > Management: Suppliers, page 88	> Key figures: Suppliers, page 128
Principle 5 Abolition of child labor	> Management: Compliance, page 60		
Principle 6 Elimination of discrimination	Our Business Conduct Guidelines unequivocally prohibit every form of discrimination. Suspected violations can be reported to the ombudsman and the compliance helpdesk "Tell us." > Management: Compliance, page 60 Our Promoting and Managing Diversity Guidelines, which are valid worldwide, are the basis for avoiding discrimination of any kind at Siemens. The Regional Companies draw up their own equal opportunity policies for implementing the global Diversity Guidelines. > Success factor – Diversity, page 54 > Diversity and equal opportunities, page 99	In November 2008, we established the position of Chief Diversity Officer with company-wide responsibility for diversity management. Our goal is to systematically expand diversity to all levels of the company by 2011. Siemens USA has established a central diversity management structure and a nationwide structure – the Diversity Board – to link all local diversity-related activities with one another. > Success factor – Diversity, page 54 > Diversity as a strategic advantage, page 57 > Diversity management in the U.S., page 99	In fiscal 2008, women accounted for 26 percent of our total workforce. As in fiscal 2007, 13.4 percent of our managers were women. We intend to increase the diversity of our management. > Key figures: Employees, page 131 > Goals: Employees, page 154 Some of the reports to the ombudsman and the compliance helpdesk "Tell us" during the reporting period concerned possible violations of our anti-discrimination regulations. We investigated the allegations and instigated disciplinary measures against violations. > Key figures: Compliance, page 114
Principle 7 Precautionary approach to environmental protection	Our responsibility for environmental protection has been included in our environmental guidelines. In addition, Siemens Norm 36 350 ensures that we comply with the principle of precautionary environmental protection in all our product design processes. > Management: Environmental protection, page 70 > Environmentally compatible product design, page 82	In fiscal 2008, we introduced comprehensive measures for achieving our goals in the areas of energy (20 percent), water (20 percent) and waste (15 percent). These included the program "Innovation in Manufacturing." In fiscal 2008, we also extended the Siemens norm to plants and systems. The new section of SN 36 350 covers the whole life cycle of a system – planning, procurement, setting up, operation and dismantling. > Company environmental program, page 71 > Innovation in manufacturing, page 72 > Environmentally compatible product design, page 82	With our company environmental program, we have come a step closer to reaching our efficiency targets. In the area of water we have already achieved a 21-percent improvement. In the area of energy/CO ₂ emissions, there has been a ten-percent improvement and in the waste area a four-percent improvement. > Key figures: Environmental protection, page 117

Index according to the ten principles of the Global Compact

Principle	Systems	Measures	Achievements
<p>Principle 8 Specific initiatives to promote environmental protection</p>	<p>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 Siemens Generation21 program, we help create a greater sense of responsibility for ecological issues inside and outside the company.</p> <ul style="list-style-type: none"> > Company environmental program, page 71 > Internal environmental communications, page 75 > Responsibility for sustainable development, page 108 	<p>Every three years we present an award to employees who have shown particular commitment to environmental protection.</p> <p>We implement numerous internal communications measures in order to heighten our employees' awareness of the environment. We have thus devoted an issue of our international employee magazine to environment and climate protection and have set up our own intranet website on the topic which also contains practical tips.</p> <p>Climate protection is also the subject of a Siemens school competition in a number of countries. On the political level, we are, among other things, also involved in the Federation of German Industries' climate initiative.</p> <ul style="list-style-type: none"> > Company environmental program, page 71 > Internal environmental communications, page 75 > Responsibility for sustainable development, page 108 	<p>In fiscal 2008 we donated around €13 million to education and science. Since combatting climate change is one of the main aspects of our social commitment, a large part of this investment has gone into raising awareness of this aspect of environmental protection among school and university students.</p> <p>> Key figures: Society, page 141</p>
<p>Principle 9 Diffusion of environmentally friendly technologies</p>	<p>As part of our Environmental Portfolio, we develop and market products and solutions that enable our customers to reduce their CO₂ emissions, lower life cycle costs and protect the environment.</p> <ul style="list-style-type: none"> > Our Environmental Portfolio, page 78 	<p>In fiscal 2008, we continued to develop the Siemens Environmental Portfolio and implemented processes for annual reporting.</p> <ul style="list-style-type: none"> > Our Environmental Portfolio, page 78 	<p>The products and solutions of the Environmental Portfolio that were installed for our customers from 2002 to 2008 helped them cut their CO₂ emissions by around 148 million tons a year. In the year 2008 alone, newly installed products and solutions cut CO₂ emissions by around 34 million tons.</p> <p>> Our Environmental Portfolio, page 78</p>
<p>Principle 10 Measures against corruption</p>	<p>Our Compliance Program is based on the three pillars prevent, detect and respond. This system is the basis of all measures against corruption in the company</p> <ul style="list-style-type: none"> > The Siemens Compliance Program, page 61 	<p>In fiscal 2008, we extended our compliance organization, raised our employees' awareness of the risks of corruption and established a control system which enables weak points to be detected and eliminated. These measures are also designed to regain the trust of our stakeholders</p> <ul style="list-style-type: none"> > Management: Compliance, page 60 	<p>The number of employees working in the compliance area increased to 621 in fiscal 2008.</p> <p>123,000 employees received online compliance training, and 52,200 had personal training. In the period covered by this report, we instigated disciplinary measures for 909 violations of compliance regulations.</p> <p>> Key figures: Compliance, page 114</p>

Index related to the Global Reporting Initiative guidelines

The principles for contents and quality defined in the guidelines for the Global Reporting Initiative (GRI, G3) are also important criteria for this Report. To provide interested readers with simple, speedy access to the contents of our Report, we have prepared an index in which the contents are cross-referenced to the core indicators used in the GRI guidelines.

The index also indicates which principles of the UN Global Compact are addressed in this Report and in the Siemens Annual Report 2008. On the website for the Sustainability Report 2008, you will find links to other company websites which provide further relevant information.

This comprehensive range of information showcases our achievements in meeting external requirements for sustainability reporting.

	Siemens Sustainability Report 2008	Siemens Annual Report 2008	Principles of the Global Compact
1. Strategy and analyses			
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position)	> Foreword, page 4	> Letter to our Shareholders, Book II, page 12
1.2	Description of key impacts, risks, and opportunities	> Challenges, page 20 > Framework, page 24	> Management's discussion and analysis, Book II, page 48ff.
2. Organizational profile			
2.1	Name of the organization	> Activities, page 10	> Management's discussion and analysis, Book II, page 80
2.2	Primary brands, products and/or services	> Activities, page 10 > Industry Sector, page 12 > Energy Sector, page 13 > Healthcare Sector, page 14 > Cross-Sector Businesses/ Cross-Sector Services, page 15	> Products and solutions, Book I, page 23ff. > Fit42010: Portfolio, Book I, page 78
2.3	Operational structure and major Divisions	> Activities, page 10	> Products and solutions, Book I, page 23ff. > Corporate Structure, foldout inside the back cover
2.4	Location of organization's headquarters	> Activities, page 10	> Corporate Governance Report, Book II, page 27
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to sustainability issues	> Global presence, page 11	> Management's discussion and analysis, Book II, page 59f.
2.6	Nature of ownership	> Activities, page 10	> Management's discussion and analysis, Book II, page 107ff.

		Siemens Sustainability Report 2008	Siemens Annual Report 2008	Principles of the Global Compact
2.7	Markets served	> Global presence, page 11	> Management's discussion and analysis, Book II, page 53	
2.8	Scale of the reporting organization	> Activities, page 10	> Key figures, Book II, page 3	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	> Changes in 2008, page 10	> Notes to Consolidated Financial Statements, Book II, page 136ff.	
2.10	Awards received in the reporting period	> Awards by society, page 165	> At a glance, Book I, page 17	

3. Reporting parameters

Report profile				
3.1	Reporting period	> Period under review and limits of the report, page 43	> Key figures, Book II, page 3	
3.2	Date of most recent previous report	> Period under review and limits of the report, page 43	> Statement of the Managing Board and Responsibility statement, Book II, page 220	
3.3	Reporting cycle	> Period under review and limits of the report, page 43	> Notes to Consolidated Financial Statements, Book II, page 126	
3.4	Contact point for questions regarding the report	> Information resources, inside the back cover	> Information resources, inside the back cover	
Reporting scope and boundary				
3.5	Process for defining report content	> Our 2009 materiality portfolio, page 35 > Choice of subjects, page 43 > Identifying stakeholder expectations, page 39	> Management's discussion and analysis, Book II, page 56ff. > Notes to Consolidated Financial Statements, Book II, page 126	
3.6	Boundary of the report	> Period under review and limits of the report, page 43	> Notes to Consolidated Financial Statements, Book II, page 126 > Notes to Consolidated Financial Statements, Book II, page 205ff.	
3.7	Statement on specific limitations concerning the scope of the report	> Period under review and limits of the report, page 43	> Management's discussion and analysis, Book II, page 56ff. > Notes to Consolidated Financial Statements, Book II, page 126	
3.8	Basis for the reporting on joint ventures, subsidiaries, etc.	> Changes in the reporting period, page 11	> Fit ₄ 2010: Portfolio, Book I, page 78 > Management's discussion and analysis, Book II, page 70 > Notes to Consolidated Financial Statements, Book II, page 126ff. > Notes to Consolidated Financial Statements, Book II, page 211	
3.9	Data measurement techniques and the bases of calculations	> Data collection, page 44	> Notes to Consolidated Financial Statements, Book II, page 126 > Notes to Consolidated Financial Statements, Book II, page 205ff.	
3.10	Explanation of the effect of any restatements of information provided in earlier reports	> Major changes, page 44	> Management's discussion and analysis, Book II, page 56ff. > Notes to Consolidated Financial Statements, Book II, page 126	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied	> Major changes, page 44	> Management's discussion and analysis, Book II, page 56ff. > Notes to Consolidated Financial Statements, Book II, page 126 > Notes to Consolidated Financial Statements, Book II, page 205	
3.12	GRI content index – Table identifying the location of the Standard Disclosures in the report – Page numbers	> UN Global Compact Index, page 171	–	
3.13	Assurance – External verification on the report	> External review, page 44 > Evaluation, page 160	> Independent Auditor's Report, Book II, page 221	

	Siemens Sustainability Report 2008	Siemens Annual Report 2008	Principles of the Global Compact	
4. Governance, commitments and engagement				
Governance				
4.1	Governance structure	–	> Corporate Governance Report, Book II, page 20ff.	
4.2	Independence of the highest governance body (supervisory board chairperson and members)	–	> Report of the Supervisory Board, Book II, page 6 > Corporate Governance Report, Book II, page 20ff.	
4.3	Number of members independent supervisory board members	–	> Corporate Governance Report, Book II, page 20ff.	
4.4	Mechanisms for shareholders and employees to provide recommendations to the highest governance body	–	> In dialogue with our investors, Book I, page 12 > Corporate Governance Report, Book II, page 24	
4.5	Linkage between senior management compensation and the organization's performance	–	> Compensation Report, Book II, page 32ff.	
4.6	Processes for the highest governance body to ensure conflicts of interest are avoided	> Success factor – Integrity, page 48 > Management: Compliance, page 60	> Corporate Governance Report, Book II, page 20ff.	
4.7	Expertise of the highest governance body in terms of sustainability issues	> Coordination and organization, page 30	> Compliance Report, Book II, page 28ff.	
4.8	Corporate mission, values, and codes of conduct	> Our values and our vision, page 26 > Success factor – Integrity, page 48 > The Siemens Compliance Program, page 61 > Management: Environmental protection, page 70 > Management: Product responsibility, page 77 > Management: Suppliers, page 88 > Management: Employees, page 95 > Management: Occupational health and safety, page 102 > Management: Society, page 106	> Our values, Book I, page 1 > Our vision, inside the front cover > Fit ₄ 2010, Book I, page 74 > Compliance Report, Book II, page 28ff. > Management's discussion and analysis, Book II, page 50	1–8, 10
4.9	Procedures of the highest governance body for overseeing environmental, economic and social risks and opportunities	> Coordination and implementation, page 31	> Report of the Supervisory Board, Book II, page 6 > Corporate Governance Report, Book II, page 20ff.	6
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	> Overview of goals, page 34	> Compensation Report, Book II, page 32ff.	
Commitments to external initiatives				
4.11	Implementation of the precautionary principle	> Challenges, page 20 > Our 2009 materiality portfolio, page 35 > Overview of goals, page 34	–	7
4.12	Endorsement of external initiatives	> Foreword, page 4 > Permanent dialogue and memberships, page 42	–	1–10
4.13	Memberships in associations and/or national/international advocacy organizations	> Permanent dialogue and memberships, page 42	–	
Stakeholder engagement				
4.14	List of stakeholder groups engaged by the organization	> Stakeholder dialogue, page 38	> In dialogue with our investors, Book I, page 12	
4.15	Basis for identification and selection of stakeholders with whom to engage	> Stakeholder dialogue, page 38	> In dialogue with our investors, Book I, page 12	
4.16	Approaches to stakeholder engagement (type/frequency)	> Stakeholder dialogue, page 38	> Corporate Governance Report, Book II, page 20 > Compliance Report, Book II, page 28	

	Siemens Sustainability Report 2008	Siemens Annual Report 2008	Principles of the Global Compact
4.17	Key topics and concerns raised through stakeholder engagement and response by company	> Stakeholder dialogue, page 38	> In dialogue with our investors, Book I, page 13 > Corporate Governance Report, Book II, page 20ff. > Compliance Report, Book II, page 28ff. > Management's discussion and analysis, Book II, page 50 > Management's discussion and analysis, Book II, page 80

5. Management approach and performance indicators

Economic			
	Management approach	> Responsible value creation, page 16	> Fit ₄ 2010, Book I, page 74ff. > Management's discussion and analysis, Book II, page 50 > Management's discussion and analysis, Book II, page 94ff.
Aspect: Economic performance			
	EC1 Direct economic value generated and distributed	> Key figures at a glance, page 2 > Responsible value creation, page 16	> Consolidated Financial Statements, Consolidated Statements of Income, Book II, page 118
	EC2 Financial implications of climate change	> Success factor – CO ₂ reduction, page 51 > Our Environmental Portfolio, page 78	> The Siemens Environmental Portfolio, Book I, page 24f. > Management's discussion and analysis, Book II, page 48ff. > Management's discussion and analysis, Book II, page 98 > Management's discussion and analysis, Book II, page 115
	EC3 Coverage of defined benefit plan obligations	> Our responsibilities as an employer in the Regions, page 98	> Management's discussion and analysis, Book II, page 89 > Notes to Consolidated Financial Statements, Book II, page 159
	EC4 Significant financial assistance received from government	> Our contribution: Innovation, page 17	–
Aspect: Market presence			
	EC6 Spending on locally-based suppliers	> Our contribution: Procurement, page 18	–
	EC7 Local hiring and proportion of senior management	> Our responsibilities as an employer in the Regions, page 98	–
Aspect: Indirect economic impacts			
	EC8 Infrastructure investments and services provided primarily for public benefit	> Our contribution: Charitable investments, page 19	> Fit ₄ 2010: Corporate Responsibility, Book I, page 84ff. > Management's discussion and analysis, Book II, page 98
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Aspect: Materials			
	EN1 Materials used by weight or volume	–	–
	EN2 Percentage of materials used that are recycled	–	–

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Aspect: Energy			
EN3 Direct energy consumption by primary energy source	> Energy consumption, page 118	> Management's discussion and analysis, Book II, page 98	7
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Aspect: Water			
EN8 Total water withdrawal by source	> Water and waste water, page 123	> Management's discussion and analysis, Book II, page 98	7
Aspect: Biodiversity			
EN11 Land used in protected areas	–	–	7
EN12 Significant impacts of activities on protected areas	> Nature and wildlife conservation, page 74	–	7
Aspect: Emissions, effluents, and waste			
EN16 Total direct and indirect greenhouse gas emissions by weight	> Greenhouse gas emissions, page 120	> Management's discussion and analysis, Book II, page 98	7
EN17 Other relevant indirect greenhouse gas emissions by weight, e.g. by business travel	> Greenhouse gas emissions, page 120	–	7
EN19 Ozone-depleting substances by weight	> Atmospheric pollutant emissions page 121	–	7
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Aspect: Products and services			
EN26 Initiatives to mitigate environmental impacts of products and services	> GreenBuilding initiative, page 76 > Our Environmental Portfolio, page 78 > COREX® and FINEX® processes, page 86	> The Siemens Environmental Portfolio, Book I, page 24f. > Management's discussion and analysis, Book II, page 53 > Management's discussion and analysis, Book II, page 98 > Management's discussion and analysis, Book II, page 115	7, 9
EN27 Percentage of recycled products and packing materials	–	–	
Aspect: Compliance			
EN28 Fines and sanctions for non-compliance with environmental regulations	–	–	
Social			
LABOR PRACTICES AND DECENT WORK			
Management approach	> Management: Employees, page 95	> Our employees, Book I, page 10 > Fit42010: People Excellence, Book I, page 80 > Management's discussion and analysis, Book II, page 94	1–6
Aspect: Employment			
LA1 Total workforce by employment type, employment contract, and region	> Basic data, page 131 > Working hours and working arrangements, page 132	> Our employees, Book I, page 10 > Key figures, Book II, page 3	

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LA2 Total number and rate of employee turnover by age group, gender, and region	> Hirings and departures, page 133	–	6
Aspect: Labor/management relations			
LA4 Percentage of employees covered by collective bargaining agreements	–	–	
LA5 Minimum notice period(s) regarding operational changes	–	–	
Aspect: Occupational health and safety			
LA7 Injuries, absentee rates and work-related fatalities by region	> Key figures: Occupational health and safety, page 137	–	1
LA8 Counseling, prevention, and risk-control programs regarding serious diseases	> Combating HIV/Aids, page 105	–	1
Aspect: Training and education			
LA10 Average hours of training per year per employee by employee category	> Training and continuing education, page 136	> Our employees, Book I, page 10	1
Aspect: Diversity and equal opportunity			
LA13 Composition of governance bodies and breakdown of employees (by culture, gender, age)	> Success factor – Diversity, page 54 > Key figures: Employees, Basic data, page 131	> Managing Board of Siemens AG, Book I, page 8f. > Our employees, Book I, page 10f. > Notes to Consolidated Financial Statements, Positions held by Managing Board members, Book II, page 218	1, 6
LA14 Ratio of basic salary of men to women by employee category	–	–	
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Management approach	> Management: Suppliers, page 88 > Management: Employees, page 95	–	
Aspect: Investment and procurement practices			
HR1 Percentage/number of investment agreements with human rights clauses or screening	–	–	
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Aspect: Non-discrimination			
HR4 Incidents of discrimination and actions taken	> Management: Compliance, page 60 > Management: Suppliers, page 88 > Key figures: Compliance, page 114	> Compliance Report, Book II, page 28ff.	
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Aspect: Corruption			
SO2 Percentage and total number of business units analyzed for risks related to corruption	> Management: Compliance, page 60	> Compliance Report, Book II, page 28ff. > Notes to Consolidated Financial Statements, Book II, page 179	10
SO3 Percentage of employees trained in anti-corruption policies and procedures	> Compliance training courses, page 114	> Compliance Report, Book II, page 28ff. > Management's discussion and analysis, Book II, page 96	10
SO4 Actions taken in response to incidents of corruption	> Management: Compliance, page 60 > Key figures: Compliance, page 114	> Compliance Report, Book II, page 28ff. > Notes to Consolidated Financial Statements, Book II, page 179	10
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SO5 Positions and participation in public policy development and lobbying	> Permanent dialogue and memberships, page 42 > Contribution to a social framework, page 109	–	1–10
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The numbering is not always consecutive, because only the core indicators of the GRI are shown; the additional indicators are not included.

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