Siemens Compliance Guide
Anti-Corruption
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1. What are our Siemens standards?
Siemens has no tolerance for non-compliant behavior

When I first joined Siemens, I said that leadership culture, organizational structure and compliance would be among my key areas of focus. I see these as being vital to restoring public confidence in our company. It is an old saying, but a true one, that in business your reputation is your biggest asset. The reputation of Siemens has been built up for one hundred and sixty years and we all have a responsibility to make sure that it is protected and improved. No business deal can ever justify putting that reputation at risk.

Corruption is against the law and it is the very opposite of everything we stand for. Siemens has no tolerance for corruption and I will take care that this approach is applied – not just with a big stick but with a change in behavior that is driven by the tone that is set from the top. This, together with all the help and support necessary, will allow everyone to do their jobs in a manner that complies with the law.

This Compliance Guide helps explain how this message, as laid down in our business policies, translates into practice in our normal working lives. It is written in a simple and practical manner and it tells you what you can and cannot do and where to go to get support when faced with compliance issues. It is an important tool, designed to help everyone have the confidence to go into the market and sell in a way that doesn’t break the law. As I travel to many Siemens offices worldwide I look forward to receiving feedback on how this guide is serving you.

I believe that integrity is at the heart of everything we do, because without it our name means nothing. Integrity means sticking to our values and doing business in a responsible, transparent and ethical way. Working together, we can ensure that Siemens’ reputation continues to remain strong throughout the decades to come.

Peter Loescher
President and CEO of Siemens AG
2. How to use this guide?
This guide is designed to help Siemens management and employees comply with our anti-corruption standards. It describes what is meant by corruption, how it affects our business, and what we are doing to fight it. In particular, it shows how our policies translate into practical processes and procedures, and explains what needs to be done to comply with them. Chapter 5 goes through each policy in detail, describing what is permitted, when additional approvals are needed and where to go for help. The role of the Compliance Organization is explained in Chapter 6 and the consequences of any compliance violations in Chapter 7.

In the guide, we refer to contact with, or approval from, your local Compliance Officer. It may be that approval or consultation may have to be at a higher level within the Compliance Organization, but they will be able to guide you in the first instance.

Throughout this guide you will see textboxes with additional information.

Local laws: This guide cannot address all the issues raised by local legal requirements, which may be more restrictive than the Siemens global standards. Your Compliance Officers will provide additional guidance as to where these local laws take precedence.

Please remember that this guide does not pretend to address every situation you may encounter in your day-to-day working life, nor is it a substitute for reading the policies themselves. However, it should provide you with enough information to deal with most of the issues that you are likely to encounter. The key message is that you are not alone and that you should use the support that is available to you from your supervisors, from your Compliance Officer, from the Compliance Helpdesk – “Ask Us”, and from the Siemens Corporate Compliance Website. The information you will obtain is coordinated with the Legal Department, who makes sure that all the legal aspects are considered.
3. Why is anti-corruption so important?
What is the problem?

Corruption is the willingness to act dishonestly in return for money or personal gain and is an aspect of human behavior that has been around for a long time. For that reason, it may be easy to forget the damage that corruption does. By wrongly benefiting a few individuals who abuse their power or position, it creates unfair competition, damages innovation and undermines integrity.

Because of the damage that corruption does to the public good, it is illegal around the world. Each country has its own anti-corruption laws that have to be followed. In addition, Siemens’ worldwide activities are subject to the legal systems of the countries where its shares are listed. Two of these countries, Germany and the US, have some of the strictest laws on anti-corruption, and the penalties for violation are particularly severe.

Where are the risks?

Corruption can occur when dealing both with commercial partners and government officials. While some anti-bribery laws focus on government bribery, the principles apply equally to the private sector; for example, both forms of corruption are illegal in Germany with sanctions against both the offending company and the individual.

At Siemens, our anti-corruption policies apply to both the public and the private sectors. However, because the risks are different, our compliance policies, procedures and controls sometimes make a distinction between the public and the private sectors.
What is Siemens doing about it?

The basic principles of behavior are laid down in our Business Conduct Guidelines. Additionally, a number of our policies deal with the most important areas of anti-corruption legislation. These policies apply globally to the management and employees of Siemens AG and its affiliated companies. The general principles and prohibitions also apply to consultants and other third parties working on behalf of Siemens, as well as suppliers, partners and others we do business with.

To ensure that these policies work properly across all our businesses, as well as to provide support and assistance for everyone, Siemens has expanded its Compliance Program. Although some of the requirements may seem burdensome, at least at first, they are designed to protect you as well as the company. Law-abiding sales allow the power of the Siemens brand to speak for itself.

As part of the expansion of our Compliance Program, we are providing training to all the employees most affected by our policies. Day to day assistance is available through the Compliance Organization – centrally and locally – which provides general support on all compliance issues, gives the necessary compliance-related approvals and helps ensure that correct procedures are followed. In addition, the Compliance Helpdesk – “Ask Us” is there if you have detailed, specific questions or are not sure how a particular policy applies in practice.
We have also set up the new global Compliance Helpdesk – “Tell Us” for situations where you wish to report something that you feel may violate the company’s compliance policies or the law. Your confidentiality is protected by this process and you have Siemens’ commitment that your issues and concerns will receive the appropriate follow-up.

Finally, and perhaps most importantly, is the “tone from the top”. You will see from Peter Loescher’s introduction how important this is. We are asking all our management to ensure that these processes and procedures are applied in a consistent manner and that their spirit is embraced in the day-to-day business in all our companies. It is our intention to prove that our actions do speak louder than words.

Siemens Compliance Program

<table>
<thead>
<tr>
<th>Prevent</th>
<th>Detect</th>
<th>Respond</th>
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<tbody>
<tr>
<td>• “Tone from the Top”</td>
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<td>• Compliance Organization</td>
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<td>• Policies and Procedures</td>
<td>• Forensic and part of standard audits</td>
<td>• Consequences for misconduct</td>
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<td>• Program communication</td>
<td>• Compliance reviews</td>
<td>• Global case tracking</td>
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<tr>
<td>• Centralization</td>
<td>• Compliance controls</td>
<td>• Monitoring effectiveness</td>
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<td>• Training</td>
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<td>• Compliance Helpdesk (incl. global ombudsman function)</td>
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<td>• Integration with personnel processes</td>
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Continuous improvement

Clear policies, training programs and support  Comprehensive control system  Clear consequences and unambiguous response
4. What does compliance mean in practice?
For a “culture of compliance” to work, it is important for every person within the organization to make ethical business decisions and ensure that his or her actions are consistent with the law and the relevant Siemens policies. This means understanding the policies (detailed guidance is given in Chapter 5) and the principles that they represent. It also means that when a question or problem occurs, people respond with care rather than ignoring the issue or simply guessing.

However, a culture of compliance goes much further than that. It means reporting concerns and making sure that suspect behavior does not go unchallenged. Everyone needs to take compliance seriously and encourage others to do the same. It is vital to follow the processes and procedures for dealing with risky situations and involve our Compliance Organization at an early stage when there are any problems. When in doubt, ask!

Perhaps less obviously, it also means making sure that your own record keeping and documentation is accurate and complete. In general this means you must make sure that your compliance with the anti-corruption procedures, for example when dealing with sales intermediaries or recording hospitality expenditures, has been properly recorded and there are documents showing the necessary approvals.

Record keeping:
The simple test is whether an independent person could understand what the transaction was, who it was made to or who benefited from it, and why. Failure to maintain accurate records can lead to criminal prosecution.
5. How to deal with:

- Gifts and hospitality
- Payments for routine action (prohibited)
- Company political contributions (prohibited)
- Company charitable donations
- Sponsorships
- Intermediaries
- Record keeping and accurate recording
- Acquisitions, joint ventures and minority interests
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5.6 Intermediaries
5.7 Record keeping and accurate recording
5.8 Acquisitions, joint ventures and minority interests
According to the Siemens Business Conduct Guidelines:

No employee may directly or indirectly offer, promise, grant or authorize the giving of money or anything else of value to anyone in connection with business dealings in order to obtain an improper advantage.

Our anti-corruption policies are designed to translate this principle into practice, and this section provides the information you need in order to understand how to apply them. All the relevant policies currently published are addressed in this chapter, with the focus placed on those that affect most people in their normal business dealings.

Although this guide will help you deal with many of the situations you may face, reading it is no substitute for reading the relevant policies. If you have any questions regarding either the guide or the policies, please speak to your Compliance Officer or the Compliance Helpdesk – “Ask Us”.

**Imperfect advantage** includes such things as influencing an individual to act in violation of his or her duty. Even if it was not the intention, perception of impropriety has to be avoided.

**Anything of value** covers just about any form of benefit. Even things such as upgrades to first class airfares, side trips to holiday resorts, or hiring a family member for a summer position could be treated as bribes. Meals, entertainment, free or discounted tickets to events, travel or use of facilities are more common problem areas, but the company is also at risk through the free provision of its goods or services.
5.1 Gifts and hospitality

**What is this about and why is it an issue?**

Providing gifts and hospitality (meals, travel, entertainment) is often considered a form of courtesy and is common in everyday business in many countries. However, anti-corruption laws prohibit offering or providing anything of value, including gifts and hospitality, to a third party in order to obtain an improper advantage or otherwise unjustly influence official action.

In addition, the acceptance of gifts and hospitality is specifically regulated in many countries because it is seen as one of the most obvious forms of bribery. Particular concerns arise when such acceptance is in some way connected with a potential business transaction or regulatory approval. Generally, expenditures connected with government officials is considered to create a particular risk.

Some countries may have laws that are even stricter than the Siemens policies. If that is the case then the stricter rule applies. Your responsible Compliance Officer can tell you whether this is the case.
What is the Siemens policy?

Any gift or hospitality offered or provided must comply with the following Mandatory Principles:

• It is not offered to gain an improper advantage or influence official action.
• It is permitted by local law.
• The value is reasonable and appropriate to the recipient’s position and circumstances and to the occasion so that it does not create an appearance of bad faith or impropriety and could not reasonably be misunderstood by the recipient or others as a bribe.
• The frequency of prior gifts or hospitality provided to the same recipient would not raise an appearance of impropriety.
• It is recorded fairly and accurately in Siemens’ books and records.

If the recipient has direct or indirect decision-making responsibility over an anticipated or pending decision that will affect Siemens’ interests then special caution must be exercised.

Anticipated or pending decisions that will affect Siemens’ interests include:
• Project tenders
• Changes in legislation or regulations
• Commercial contract awards
• The granting of a license

Applicability:
The policy applies to all gifts or hospitality offered or provided to any third parties as well as gifts or hospitality offered or provided by consultants, agents, and other intermediaries working on behalf of Siemens.
What does this mean in practice?

Gifts

Giving small personal gifts is often a part of local culture. A non-monetary gift is permitted without pre-approval if:

- The Mandatory Principles are met, and
- It is of nominal value.

If you want to give a gift of more than nominal value, then pre-approval in writing is required from your supervisor.

If you want to give two or more gifts requiring pre-approval to the same recipient within six months, you will need the approval of the responsible Compliance Officer.

It is not advisable to provide gifts (even of nominal value) to government officials more than once within a six months period.
Meals

Doing business over a meal is usual practice around the world. A meal may be offered to a third party without pre-approval if all of the points below are met:

- The Mandatory Principles are satisfied and the meal is business-related (takes place in the course of a meeting or another occasion, the purpose of which is to hold business discussions).
- The value is that of an ordinary working meal under local standards (expensive wines and delicacies are avoided).
- Business-related meals generally do not include the spouse or other guests of the invitee. In exceptional cases, such as spontaneous invitations occurring when an unplanned meeting takes place (e.g. at a trade fair or a third party organized conference) guests who are accompanying the invitee can be invited without pre-approval if it would be unacceptable to exclude them.

If the proposed invitee has the power to influence a government or business decision, only modest meals that are connected to a necessary meeting or activity should be offered.

Pre-approval in writing is required from your supervisor if the meal:

- Has a value beyond that of an ordinary working meal under local or other applicable standards; or
- Will include the spouse or guests of the invitee; or
- Is not directly business-related.

A second invitation to a government official for a meal requiring supervisor approval within a six months period requires pre-approval from the respective Compliance Officer.
Entertainment

Invitations to entertainment events (for example, to attend plays, concerts or sporting events) tend to have limited direct relevance to business and therefore can create an appearance of impropriety. For that reason, entertainment invitations, other than for certain Siemens events, require pre-approval from the responsible Compliance Officer.

Approval will normally be granted if all the following conditions are met:

• The Mandatory Principles are satisfied.
• The proposed invitee has no decision-making authority over an anticipated or pending decision affecting Siemens’ interests.
• The entertainment serves a legitimate business purpose.
• Black market or scalper’s tickets are not used.
• Spouses or guests of the proposed invitee are not invited (unless in exceptional cases).

Invitations to Siemens events, where the purpose is to disseminate scientific or technical information (e.g. user conferences, seminars, press events, plant visits) or which are part of a regular series of events dealing with cultural or political topics are allowed without pre-approval as long as

• The Mandatory Principles are satisfied.
• The information disseminated is useful to the invitee.
• Catering is limited to appropriate snacks and beverages.
• There is a link to Siemens business activities.
• No additional entertainment or benefit is offered which is inappropriate in relation to the event (examples of permissible benefits are a USB stick with the presentation or background music through DJ or musicians).
Travel and lodging

From time to time it may be necessary to pay the travel and lodging expenses of third parties – for example, for attendance at Siemens-related conferences. Siemens policy differentiates between local and non-local travel. Local travel does not require additional approval from the Compliance Officer.

All non-local travel and lodging requires pre-approval in writing by the responsible Compliance Officer, including trips to Siemens-related conferences, seminars or multi-day business meetings, and related proposals for incidental entertainment.

Approval will normally be given if all the following conditions are met:

• The invitation meets the Mandatory Principles.
• It is directly related to the promotion, demonstration or explanation of Siemens products or services or to the performance of a contract.
• The distance of travel and duration of stay are justified by good faith business reasons such as the location of a plant, gathering of all relevant experts at a trade fair, availability of flights, etc.
• The business purpose could not be accomplished more cost-effectively without traveling or by traveling to a closer location.

Travel and lodging guidelines that apply to Siemens employees should apply equally to their guests for both local and non-local travel.
Hospitality required by a contract

Contract provisions pertaining to hospitality should be avoided wherever possible. They should never be offered or enhanced for the purpose of winning a contract or obtaining any other improper advantage.

When a contract requires Siemens to bear travel and lodging expenses for meetings associated with the performance of a contract (for example, design meetings), providing such travel and lodging does not need pre-approval. However, the responsible business unit must ensure that:

• The travel and lodging will serve a legitimate business purpose which is not outweighed by non-business-related entertainment.
• The responsible Compliance Officer is contacted if there is a concern that the meeting is being requested for improper purposes or would raise an appearance of impropriety.
• The hospitality complies with all other applicable requirements, including record-keeping requirements.
How do I go about getting approval?

If approval is required (or when you are in doubt), complete, sign and submit the gift and hospitality pre-approval form to your supervisor or, where required, the responsible Compliance Officer before promising a gift or inviting someone. Failure to obtain pre-approval when necessary may result in non-reimbursement of expenditures and/or disciplinary action.

Bear in mind that your Compliance Officer must keep detailed records of all gifts and hospitality approvals, including the purpose, donor/host, the recipient/invitee and the nature and value of the gift or hospitality. Make sure you provide all of the necessary information when you first make a request.

It is important that invitations be transparent. In certain cases it may be advisable that written offers of gifts or hospitality contain some language to the effect that the recipient acknowledges that the offer is compliant with local requirements and the policies of the recipient’s own organization. In situations where approval from a Siemens Compliance Officer is required, consideration should be given to whether a similar approval is required from the invitee’s organization.

Pre-approval form:
This is available from the Corporate Compliance Website [http://intranet.siemens.com/compliance](http://intranet.siemens.com/compliance) or from your responsible Compliance Officer.

Will this get approved?
If you are in doubt, the Siemens Gifts and Hospitality Policy lists factors relevant to business entertainment and non-local travel that the responsible Compliance Officer will consider when deciding whether to grant approval. It makes sense to consult this list when preparing an approval request.
Below is an overview of gifts and hospitality for which you will need pre-approval and by whom. Bear in mind that it is a Siemens requirement that all gifts and hospitality must meet the **Mandatory Principles** (page 19).

<table>
<thead>
<tr>
<th>No pre-approval needed when:</th>
<th>Pre-approval needed at your supervisor level when:</th>
<th>Pre-approval needed at your Group, Regional or Chief Compliance Officer level when:</th>
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</thead>
<tbody>
<tr>
<td><strong>Gifts</strong></td>
<td>• It is of nominal value</td>
<td>• The gift exceeds nominal value</td>
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<tr>
<td></td>
<td></td>
<td>• You have made a gift requiring supervisor approval during the previous six months.</td>
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<td></td>
<td></td>
<td>• Monetary gifts are proposed and the Chief Compliance Officer has not yet approved a local gifts policy permitting them.</td>
</tr>
<tr>
<td><strong>Meals</strong></td>
<td>• The value is appropriate to the circumstances</td>
<td>• The value is beyond that of an ordinary working meal</td>
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<tr>
<td></td>
<td>• No spouses or guests of the invitee are involved, unless it is a chance encounter</td>
<td>• The meal is not directly business-related</td>
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<tr>
<td></td>
<td>• It is business related</td>
<td>• The meal includes the spouse or guests of the invitee</td>
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<tr>
<td></td>
<td></td>
<td>• You have provided a meal that required supervisor pre-approval to a government official in the previous six months.</td>
</tr>
<tr>
<td><strong>Entertainment</strong></td>
<td>• Pre-approval from Compliance is always needed, with the exception of Siemens-organized events to discuss technical, scientific, cultural or political matters</td>
<td></td>
</tr>
<tr>
<td><strong>Local travel</strong></td>
<td>• Within local rules</td>
<td>• Outside business unit guidelines</td>
</tr>
<tr>
<td><strong>Non-local travel</strong></td>
<td>• Pre-approval from Compliance always needed</td>
<td>• Guests are included</td>
</tr>
<tr>
<td><strong>Hospitality required by contract</strong></td>
<td>• The business unit has made sure that it complies with the requirements of the policy.</td>
<td>• Not applicable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Not applicable</td>
</tr>
</tbody>
</table>
5.2 Payments for routine action (prohibited)

What is this about and why is it an issue?

They are small payments made to lower-level government or private sector employees, as a personal benefit to them, to secure or speed-up the performance of a routine action to which the payer is entitled. These are sometimes known as facilitating payments. These are an issue because:

- They are a form of corruption.
- Payments for routine action are illegal in almost all countries, including Germany.
- Paying for routine government action could easily open the door to more serious issues of corruption.

What is the Siemens policy?

Siemens prohibits payments for routine action.

What does this mean in practice?

- If you make a payment that could possibly be misunderstood as a payment to facilitate routine action, you must notify your responsible Compliance Officer and make sure that it is properly documented and posted to the correct account.
- Escalate to your responsible Compliance Officer when you encounter anything that looks like a request for a payment to facilitate a routine action. Such practical problems do arise in everyday business in some countries, but there are usually other ways that Siemens can solve these kinds of issues.
- Never attempt to disguise such a payment as something else. The penalties for disguising such a payment are much greater than the penalties for making one!

How do I go about getting approval?

Approval will not be given.
5.3 Company political contributions (prohibited)

What is this about and why is it an issue?

Political contributions refer to contributions of anything of value to support a political goal. Examples include local, regional or national political fundraising events, providing goods or services, paying employees during working hours to work at a political function, or paying for campaign expenses. This can create problems for Siemens because:

- Political contributions made on behalf of companies are vulnerable to abuse.
- Political contributions by companies are illegal in many countries.

Contributions to industry associations or fees for memberships in organizations that serve business interests are not considered to be political contributions.

What is the Siemens policy?

Siemens does not make company political contributions in any form.

What does this mean in practice?

Escalate to your Compliance Officer any request to make a political contribution, using Siemens’ funds, facilities, goods or services.

How do I go about getting approval?

Approval will not be given.
5.4 Company charitable donations

What is this about and why is it an issue?

Company donations are part of Siemens’ commitment to society and a way of contributing to worthy causes. They reflect our identity as a responsible corporate citizen. Donations include anything of value donated by Siemens to support charitable causes, made without expectation or acceptance of a business advantage in return. Donations can be cash or in kind, including goods or services. Fees for memberships in social and charitable organizations are also considered donations.

Unfortunately, even legitimate donations sometimes have the risk of creating the appearance of corruption. For example, funding charitable organizations that would benefit a third party (such as a government official) in some way.

The corruption risk can also be more direct like funding non-existent or illegitimate charitable organizations to conceal corrupt payments.

Contributions to industry associations, fees for memberships in organizations that serve business interests and sponsorships where Siemens gets advertising in return are not charitable donations. Sponsorships are covered in the next section of this chapter.

What is the Siemens policy?

- Donations may not be offered, promised or given if they are intended to influence official action or secure an improper advantage.
- Donations may not be made to individuals, to for-profit organizations, to organizations that do not have tax-exempt status or whose goals are not compatible with the principles in the Siemens Business Conduct Guidelines.
- Donations must be transparent.
- Donations should be tax-deductible.
- Payments to private accounts or in cash are not permitted.
• Duplicate donations are to be avoided.
• Siemens company units must report individual donations above €5,000 to CF R2 twice a year (March 31 and September 30). These are then reported to the Corporate Executive Committee at the end of the year.

What does this mean in practice?

• All donations of any kind must be transparent. It must be possible at all times for the person initiating the donation to justify the reasons for a donation and to be accountable. The following information must be obtained before making, promising or giving any donation and should be retained for the records:
  • Initiator (name/position)
  • Recipient (name of organization, city and country)
  • The donation amount
  • The area (education and science, culture and arts, social and humanitarian projects) and the concrete purpose (such as computers for a school, or disaster relief for earthquake victims)
• Ensure that tax issues are considered (if in doubt, seek tax advice from a Siemens expert).
• Always obtain an accurate receipt or letter of acknowledgement for any donation and make sure it is expensed accurately.
• Check centrally with Siemens’ Corporate Citizenship Department before offering, promising or making a major donation or a donation to an international organization in advance.
• If you have any concerns, consult your responsible Compliance Officer.

How do I go about getting approval?

You must seek approval from the appropriate company unit or from the Corporate Citizenship Department before promising, offering or making any donation.
5.5 Sponsorships

**What is this about and why is it an issue?**

Sponsorships are an important part of Siemens’ communication with customers and they provide a way to strengthen the Siemens brand with selected target groups. This makes them different from donations since their purpose is to obtain such a specific benefit. Sponsorship activities take place in the area of sports, arts and culture, education and science.

Sponsorships can nevertheless create problems if they are seen as been linked to seeking or obtaining an improper advantage.

**What is the Siemens policy?**

All worldwide sponsoring activities must be approved by Corporate Communications (sponsoring activities that cost more than €50,000 annually) or the Corporate Executive Committee (sponsoring of more than €250,000 annually).

**What does this mean in practice?**

You must make use of the mandatory tools Siemens has put in place for all sponsorship activities, which can be accessed at [www.siemens.com/sponsoringtool](http://www.siemens.com/sponsoringtool)

When sponsorships result in free tickets, providing opportunities to invite guests, the Gifts and Hospitality Policy applies to the utilization of such tickets.

**How do I go about getting approval?**

This is complex and is explained on the intranet page noted above.
What is this about and why is it an issue?

Public corruption often occurs when companies use third-parties as intermediaries to obtain government business or influence government action on their behalf. Anti-corruption laws do not always differentiate between acts made by you or by someone acting on your behalf. For that reason, we need to be certain that we only deal with intermediaries, whether they interact with government officials or with private sector customers, which apply the same standards of business conduct as Siemens does itself.

The Siemens Intermediaries Policies cover all Sales-Related Business Consultants and Sales Agents (government-related or not). In addition any third party retained entirely or in part to obtain government business or influence government actions is also covered. Examples of these include:

- A Sales-Related Business Consultant who assists Siemens in obtaining sales or orders. This may be by facilitating introductions, persuading or negotiating with customers, performing market research, or providing any other assistance to the sales function.
- A Sales Agent who acts on behalf of a Siemens entity as principal or independent contractor on a long-term or permanent basis, in a defined territory, and who interacts on Siemens’ behalf with government officials.
- A lobbyist who communicates with a government official about formulating legislation or a government rule, regulation or policy.
- A customs clearing agent who processes the transit of imported or exported goods through customs.
- A financial advisor, lawyer or consultant who interacts with government officials in connection with transactions with government entities (for example, the privatization of a state-owned industry or a joint venture with a government or state-controlled enterprise).
- A lawyer who represents Siemens in court or before regulatory bodies such as securities, health, environmental, tax, utilities, or transportation authorities.
In determining whether a third party is an intermediary for the purposes of Siemens’ Intermediaries Policy, the most important factor is the person’s/entity’s activities, regardless of job title or description. You should consult your responsible Compliance Officer or the Compliance Helpdesk – “Ask-Us” if you are not sure whether the policies apply to a particular third party.

**What is the Siemens policy?**

When retaining, paying or working with an intermediary covered by our policies you must:

- Have a solid, documented basis for trusting the intermediary;
- Take reasonable steps to monitor for and prevent misconduct and, where appropriate, train the intermediary;
- Respond appropriately to indications of possible misconduct.

**What does this mean in practice?**

If you are likely to do business with any intermediary, you must read, understand and follow the Siemens Intermediaries Policies. You should feel free to consult with your responsible Compliance Officer or the Compliance Helpdesk – “Ask Us” if you have questions about the application of the policies.

The main steps are summarized in the next pages.
New agreements and renewal of existing ones

There are five steps that you must follow to hire a new intermediary, or renew an existing agreement:

1. **Due diligence.** Conduct research on the intermediary’s background, reputation and qualifications, and complete a due diligence form.

2. **Communicate Siemens’ Standards.** Communicate Siemens’ expectations on anti-corruption to the intermediary and obtain their signature on the Siemens Commitment Against Corruption form.

3. **Contractual protections.** Document the relationship in a written agreement, with standard required contractual protections. These contract provisions help communicate our expectations and permit Siemens to monitor for and prevent violations of our standards.

4. **Danger signs.** Check for “danger signs” that might signal a risk. These would include situations when the intermediary:
   - Appears unqualified or understaffed
   - Is specified or recommended by a government official
   - Requests that his identity be kept hidden
   - Requests that he be paid in cash or upfront or through offshore payments
   - Requests that Siemens create false documents
   - Requests unusually large compensation in relation to the value of the services provided
   - Seeks reimbursement for unusually high or undocumented expenses

   When any of these or other worrisome signs exist, additional investigation and inquiry is required.

5. **Approval.** Obtain the required approvals by forwarding the completed due diligence form to your responsible Compliance Officer or, in the case of sales agency agreements, to CD S OG.
Payment to intermediaries

The following requirements apply to payments to any intermediary.

1. Payments must be made via Finavigate® or by wire transfer to the bank account specified in intermediary’s contract.

2. No payments may be made in cash or bearer instruments.

3. No payments may be made payable to any party other than the intermediary at the intermediary’s normal place of business.

4. No payments may be made to an account outside of the country where the intermediary performs services.

5. The danger signs listed above should also be considered.

Any exceptions to the above must be approved by the Chief Compliance Officer.

Payments to Sales-Related Business Consultants must be approved by the Compliance Function. Your local Compliance Officer will be able to advise you of the exact process.

Before making a payment to any other intermediary, the Siemens person responsible for approval of a payment must examine the invoice and determine whether the contractual requirements for payments are met and the payment is due.
5.7 Record keeping and accurate recording

**What is this about and why is it an issue?**

Books and records is a general term used in this guide to describe all business records. It includes accounts, correspondence, memoranda, tapes, discs, papers, books and any other documents. It is important because the various legal codes require that we maintain accurate and complete books and records. In order to combat corruption it is important that transactions are transparent, fully documented and coded to accounts that accurately reflect their nature. Attempting to conceal a payment can create a worse violation than the payment itself.

**What is the Siemens policy?**

- Siemens books and records must be kept with reasonable detail and accuracy so that they correctly reflect all transactions.
- All controls and approval procedures must be followed.
- Siemens books and records must not contain any false, misleading or other artificial entries.

**What does this mean in practice?**

- Ensure that all your own transactions are fully documented, correctly approved and coded to the correct expense description.
- If you are aware or suspect that anyone is directly or indirectly falsifying the books and records or in any other way attempting to disguise a payment, you must report your concern immediately to the “Compliance Helpdesk – Tell Us”.

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**Falsifying the books and records would include:**

- Using off-the-books accounts or cash pools
- Mischaracterization of an improper payment e.g. as a commission payment, customer development charge, processing fee or rebate
- Not recording a transaction at all
- Submitting inaccurate expense reports
- Holding Siemens funds with vendors or intermediaries

**Applicability:**

Be aware that Siemens is also responsible for the books and records of any firm in which we have a controlling interest.
5.8 Acquisitions, joint ventures and minority interests

What is this about and why is it an issue?

Siemens is frequently involved in acquiring companies, making minority investments and seeking strategic partnerships. In addition to economic valuation, we must also look at other relevant business aspects including any exposure to criminal liability. Failure to perform compliance-related due diligence can put Siemens at risk of civil or criminal liability for any corrupt conduct of the third party business, as well as having business consequences such as the loss of contracts.

What is the Siemens policy?

We have a policy in place that specifically addresses this important issue. This is available from the Siemens Compliance Website http://intranet.siemens.com/compliance

What does this mean in practice?

If you are working on an acquisition, joint venture, or minority investment transaction, make sure that you read and understand the policy, and that you have discussed its implications for your work with your supervisor and, if necessary, your responsible Compliance Officer.
6. What compliance support is available?
The Siemens Compliance Network

In addition to the central compliance team, each region and group has its own Compliance Officer (RCO/GCO). These report into the Chief Compliance Officer and are responsible for all compliance activities within their region/group. They help ensure that the policies are enforced and that the necessary approval processes are in place. They are also responsible for ensuring that the necessary training is available and completed. Reporting in to RCOs and GCOs are local Compliance Officers that provide support at a business unit level.

Additionally we have a Legal Department, which is responsible company-wide for legal advice in the area of compliance.

Siemens Compliance Website

This is where you can find all the material you will need to help you with all compliance issues.

On the Website you will find:

- Siemens Policies and Guidelines
- Overview of Compliance Officers and contact details
- Access to training material
- Frequently asked questions and answers. These FAQs are regularly updated to provide you with extra practical guidance where needed.
- Access to Compliance Helpdesk functions

External research:
Information regarding global corruption can be obtained from the website www.transparency.org
Need further help? Ask Us

If you require any further information regarding compliance issues, please consult our Compliance Helpdesk – “Ask Us”. This has been designed to give you a quick response to all types of compliance questions when an answer cannot easily be obtained at a local level.

Routine enquiries can be answered immediately, while more difficult or technical questions can be referred to a panel of experts. Enquiries are tracked to ensure that a response is given as quickly as possible, and the global nature of the service ensures that consistency is applied across all businesses.

Need to raise a compliance concern? Tell us

You should consider whether you are comfortable raising your concern directly within Siemens, such as to your manager or to someone else in your department. Siemens has found that internal concerns usually can be resolved most quickly and satisfactorily when they are raised with internal resources such as management or human resources.

If you are uncomfortable doing so, if you do not know whom to contact, or if you believe your concern has not been satisfactorily addressed, the “Tell us” function is designed to help. You may voice your concerns in complete privacy and confidence, and be assured that they will be discretely and comprehensively followed up.
7. Consequences of misconduct
Siemens has no tolerance for compliance violations. This means that we must have a robust process for dealing with those who are not prepared to take their responsibilities seriously.

Compliance means obeying the law, behaving in accordance with the policies of Siemens and following the processes laid down for the enforcement of those policies. Any violation will be treated as an extremely serious matter, with one or more of the following sanctions being applied:

- Informal warning (slight compliance violations only)
- Formal warning
- Forfeiture of variable pay
- Transfer to another position
- Dismissal

The disciplinary process may be invoked at the central or the local level, depending on the level of the offender and the nature of the offence.

Every employee who commits a compliance violation will have to complete remediation compliance training.

Any violation that involves a formal warning will result in the employee being excluded from a salary increase in the next Performance Management Process Round Table and receiving an assessment of “No Further Potential”. Eligibility for a salary increase and an improved assessment of potential in future years will be entirely dependent on successful completion of the remediation compliance training and demonstrating good conduct thereafter.

Further information: Please refer to our policy on disciplinary consequences of compliance violations on the Compliance Website http://intranet.siemens.com/compliance