

SIEMENS

Siemens Integrity Initiative

Creating fair market conditions

Fighting corruption and fraud through Collective Action, education & training

Standard Funding Agreement - Third Funding Round

Term Sheet

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This Term Sheet sets the framework and major principles for any Project funded by Siemens under the Third Funding Round.

These principles are laid down in much more detail in the Siemens Standard Funding Agreement which will be sent out together with the invitation to the Full Proposal phase of the selection process. Successful applicants will then have to agree to the Standard Funding Agreement in order to qualify for the (final) selection process. Siemens reserves the right to amend, alter and / or add to the details of these principles at the sole discretion of Siemens and at any time in the course of the selection process and before the final signing of any Standard Funding Agreement, as may be required for the purposes of the selection process or for reasons of local mandatory laws.

It goes without saying, that Siemens expects the Applicants as well as any Project Partner Organization and member of the Project Core Team to comply with all applicable laws, in particular when implementing the Project funded by Siemens.

1. Parties to the Standard Funding Agreement

- A Standard Funding Agreement will be concluded between Siemens AG, Munich, Germany (henceforth referred to as “**Siemens**”) and each of those applicants that Siemens at its sole discretion selects for the award of funds (henceforth referred to as the “**Integrity Partner**”) under the Siemens Integrity Initiative which was agreed upon with the World Bank Group and the European Investment Bank in the respective Settlement Agreement.
- Where several organizations submit a joint proposal, the organization that signed and submitted the Expression of Interest form as “Applicant” shall sign the Standard Funding Agreement and assume the role of leading partner organization in the Project and the role of Integrity Partner in the Standard Funding Agreement.

The other Project Partner Organizations will be explicitly named in the Standard Funding Agreement, and shall hand in certain commitments in writing, which will be attached to the Standard Funding Agreement, but which will not release the Integrity Partner from its overall responsibility for the successful implementation of the Project, and its responsibility for the proper use of funds by all participants in the Project. The Project Partner Organizations shall satisfy the Eligibility Criteria during the entire Funding Period.

- For proper implementation of the Project the Integrity Partner shall enter into a Project Partner Agreement with each Project Partner Organization, if any. Minimum requirements of such agreement will be set forth in the Standard Funding Agreement.

2. Scope of the Standard Funding Agreement

The Standard Funding Agreement will specify the terms and conditions under which Siemens grants the Integrity Partner certain funds from the Siemens Integrity Initiative to be used exclusively for agreed purposes and project activities in the area of anticorruption or fraud (henceforth referred to as “**Project**”), including amounts of such funds, conditions for release of such funds, reporting duties, monitoring and auditing rights, etc.

3. Annexes

The following Annexes will become an integral part of the Standard Funding Agreement:

Full Proposal, Project Work Plan, Project Budget, Project Core Team Members, Other Sponsors, Project Partner Organizations, Project Partner Organizations Confirmation, Ethical and Compliance Standards

Modifications of the Annexes after signature of the Standard Funding Agreement require a written agreement between Siemens and the Integrity Partner.

4. Work Plan, Project activities and milestones

- Siemens will only fund projects in the field of anticorruption or fraud over a specified time period which have been detailed in a Project Work Plan and Project Budget. The detailed Project Work Plan will be defined in the Full Proposal phase, and will become part of the Standard Funding Agreement as an Annex. Any changes to such Project Work Plan or Project Budget shall be agreed to in writing.
- The Project Work Plan will detail reasonable milestones for the implementation of the Project.
- The Integrity Partner is responsible to ensure that the Project is conducted in accordance with the agreed Project Work Plan and Project Budget in a diligent and competent manner and in accordance with the Ethical and Compliance Standards.

5. Integrity Partner's undertakings and obligations

- Integrity Partners are obliged to fulfill certain duties such as, for example, setting up a project team, regular reporting to Siemens, auditing of funds, ensuring the integrity of their organization and of the persons employed there, maintaining accurate books and records, complying with ethical and compliance standards and using funds provided by Siemens strictly in line with the Standard Funding Agreement.

The Integrity Partner shall ensure that there is no conflict of interest or potential conflict of interest of any party involved in the Project, in particular with respect to Siemens, the World Bank Group and the European Investment Bank. Integrity Partner shall disclose to Siemens any potential conflict of interest or compliance violation that they become aware of during the implementation of the Project, immediately once this becomes evident.

- For effective Project implementation the Integrity Partner shall establish a Project Steering Committee upon Project launch. Siemens is entitled to appoint a representative as member of the Steering Committee.
- Other Sponsors which provide support to similar or identical Project activities shall be disclosed to Siemens and their contribution shall be subtracted from the project costs.
- Replacement of any Project Core Team Member requires Siemens' prior consent.

6. Reporting

- The Integrity Partner is obliged to submit on a regular basis reports concerning the Project implementation and the use of Funds, as well as a description of activities planned for the upcoming period. Reports are to be submitted to Siemens on a bi-annual basis as an Interim and Annual Report respectively.
- The Annual Report shall also include an Audit Report issued by an external auditor acceptable to Siemens and consisting of an audit opinion, an itemized record of expenditure and a financial report.
- A Final Report shall be submitted at the end of the Project.
- All financial reporting will be required in USD.
- The Integrity Partner shall use the templates provided by Siemens for reporting.
- Proper reporting is one of the preconditions for the pay-out of Funds under the Standard Funding Agreement. Siemens may also suspend funding in instances where the reports are not satisfactory or are not in compliance with the requirements of the Standard Funding Agreement.

7. Funding principles and Pay-Out of Funds

- In general, pay-out of Funds is subject to the concurrence of (i) the effectiveness of the Standard Funding Agreement, (ii) reaching of the agreed upon start date for the implementation of the Project or submission of the bi-annual reports and (iii) compliance with the terms and conditions of the Funding Agreement.
- The Funding Amount is limited to a maximum amount and understood as the maximum aggregate of all sums to be paid by Siemens in relation to the Project. Siemens will not fund expenses or costs for any activity other than those contained in the agreed Project Work Plan and Project Budget and which have actually been incurred in compliance with the Standard Funding Agreement.
- Pay-out of Funds is generally effected on a bi-annual basis and as pre-payments. It is subject to the concurrence of several requirements, in particular but not limited to the receipt of proper reports and approval thereof by Siemens, achievement of work plan milestones and the receipt of a payment request.
- The respective pre-payments generally cover 50% of the agreed upon budget for the current or upcoming fiscal year (the basis will be the Siemens fiscal year: October 1 –September 30).
- The first pre-payment is made when the Standard Funding Agreement is effective, the agreed upon start date for the implementation of the Project has been reached and a respective payment request has been submitted. The first pre-payment may differ in the amount, depending on the date of effectiveness.
- The Integrity Partner shall prove that the use and expenditure of Funds has been effected in accordance with the Standard Funding Agreement. Any unspent Funds may at any time be recovered by Siemens or set off against a due pre-payment.
- Siemens is entitled to deduct a Security Deposit of 3% of the total Funding Amount until the completion of the Project (end of the Project and submission of all required reports and documents).
- Siemens shall pay any and all Funds exclusively in USD.
- Payments will only be made to a bank account held by the Integrity Partner in the country where the Project is performed or country of residence of the Integrity Partner.
- If required by Siemens, the Integrity Partner shall have a third party conduct an evaluation of the outcome and effectiveness of the Project at the end of the Project. This evaluation is a precondition to the pay-out of the retained Security Deposit.

8. Adherence to anticorruption standards

- Integrity Partners shall confirm their unconditional adherence to a level of ethical and compliance standards comparable to those contained in the UN Global Compact's ten principles.
- Integrity Partners shall comply with all laws and regulations in the field of anti-corruption, bribery and fraud applicable in their country, and the country where the Project is being performed.

9. Audit rights

- Siemens may itself or through independent third parties conduct ad hoc on-site reviews at any time in relation to financial and other aspects of the Project to ensure that the terms of the Standard Funding Agreement are adhered to and that the reports are a complete and accurate statement of the actual progress achieved in the Project and not misleading.
- Without prejudice to Siemens' rights, the World Bank Group will have audit rights over the use of the funds.

10. Term and termination

- The Standard Funding Agreement becomes effective upon signature by Siemens and the Integrity Partner and ends three months after the agreed end date of the Project was reached and all required reports (incl. the report concerning the end of project evaluation, if required) have been handed in to Siemens.
- In general, Siemens will not consider terminating the Standard Funding Agreement without cause nor allow for termination without cause of the same by the Integrity Partner. Events justifying a termination are listed on an illustrative basis in the Standard Funding Agreement such as, for example, a breach of obligations under the Funding Agreement or a violation of ethical and compliance standards.
- In case of termination for cause, **Siemens is entitled to recover from the Integrity Partner any unspent funds or funds not spent in accordance with the Standard Funding Agreement.**

11. Suspension

- In general, Siemens will not consider suspension of Funds. However, certain events might force Siemens to suspend the pay-out of funds.
- Events which provoke a suspension are for example reports which do not meet the requirements or the suspicion of a conflict of interest and will be listed in further detail in the Standard Funding Agreement.

12. Confidentiality, Siemens' name and brand, PR activities

- Neither Integrity Partners nor Project Partner Organizations may use Siemens' brand or name, or publish the fact that they are participating in the Siemens Integrity Initiative for advertising or promotional purposes unless previously approved by Siemens in writing.
- Siemens reserves the right to refer to the Project and the Integrity Partner as well as the Project Partner Organizations for the purposes of press releases or other public statements, for example on websites, in World Bank Group reporting and reporting in general.
- Siemens shall be entitled to use any documents or other material prepared by the Integrity Partner implementing the Project free of charge. External use of such material requires the prior consent of the Integrity Partner.

13. Information Sharing with the World Bank Group and the European Investment Bank

Siemens will be entitled under the Standard Funding Agreement to share openly any and all information regarding the Integrity Partner and the Integrity Partner's project, inter alia, with the World Bank Group and the European Investment Bank.

14. Miscellaneous

- Siemens may at any time issue recommendations or specify further requirements with regards to e.g. the Project organization or the Reports.
- The Standard Funding Agreement language will be English.
- The applicable law of the Standard Funding Agreement will be German law.
- Siemens will require an alternative dispute resolution and arbitration clause in the Standard Funding Agreement. The arbitration follows the Rules of the German Institution of Arbitration (DIS). The seat of arbitration is in Munich, Germany, and the language of the proceedings is English.