

Corporate Responsibility

Fit for More in 2007

Frankfurt, Januar 2007

Do you agree?



"If you lose dollars for the firm by bad decisions,
I will be understanding.
If you lose reputation for the firm,
I will be ruthless"

Warren Buffet

"Oracle of Omaha", world's greatest stock market investor

Fiscal 2006: “Best of Times, Worst of Times” for Siemens

Best of times for Siemens...

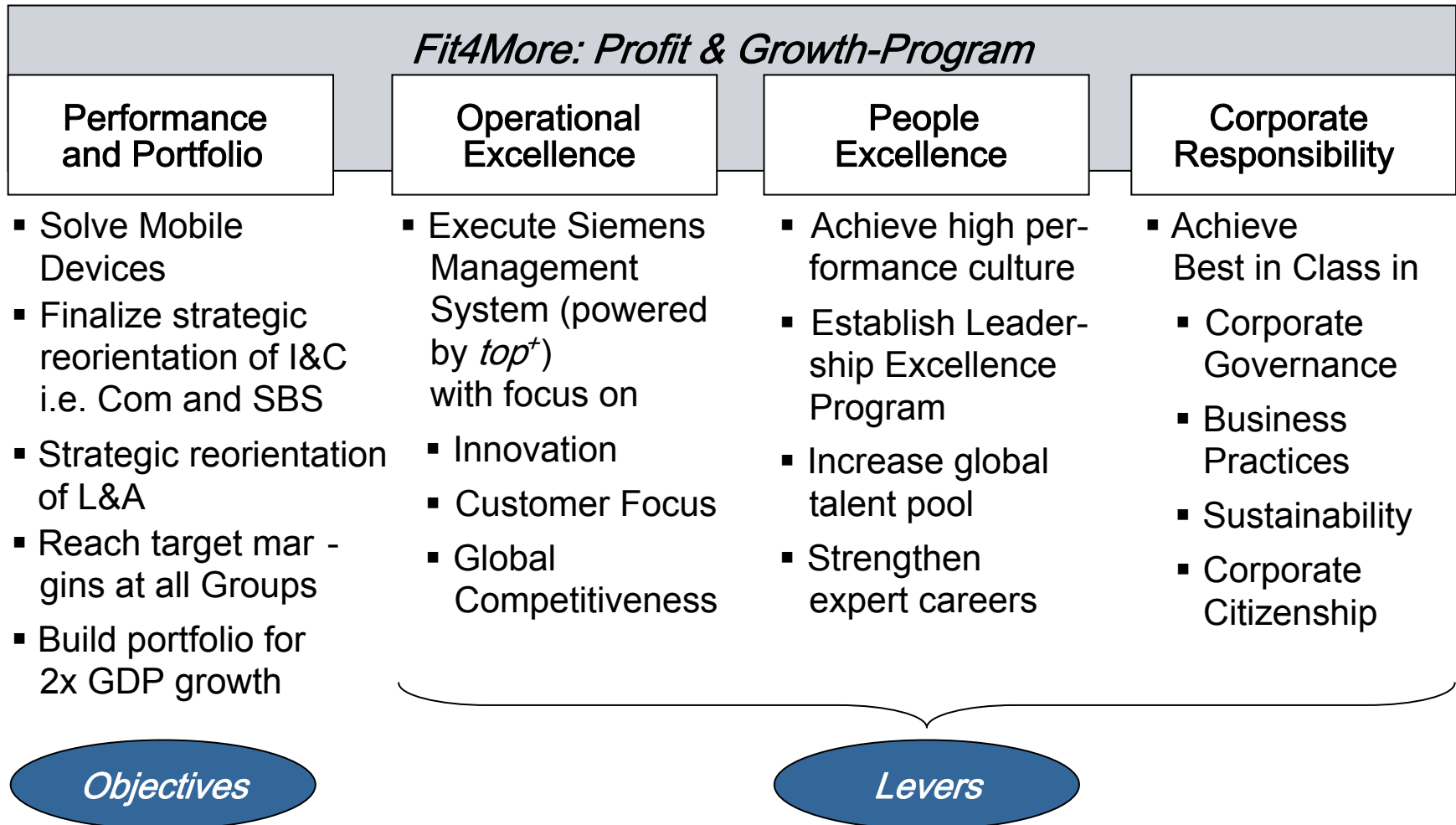
- ✓ New Orders +15%, Sales +16%, Net income +35%
- ✓ Many business units achieved best-ever performance
- ✓ Successful restructuring of portfolio for growth
- ✓ R&D ensures leadership position in innovation

...worst of times for Siemens

- ⚡ Employees violated our business conduct guidelines & were arrested
- ⚡ Scope: 200 Mill. € (we are checking a total of 420 Mill. €) of funds allegedly diverted for illegal purposes
- ⚡ Serious damage to our reputation both outside and inside company

► Fit4More pillars Performance & Portfolio and Corporate Responsibility more important than ever!

Fit4More established a solid foundation for future success



Strengthening Compliance @ Siemens

Objectives

- Find and appropriately address past misconduct and prevent future occurrences
- Restore our Company's reputation
- Become an international benchmark for transparency and compliance

Strengthening Compliance @ Siemens

Organizational and Structural Measures



Daniel Noa – senior prosecutor with many years of experience investigating white-collar crime – **appointed as Chief Compliance Officer of Siemens**



Hans-Otto Jordan – attorney of the law firm Beckstein and Partner based in Nuremberg, Germany – **appointed as external ombudsman**

DEBEVOISE & PLIMPTON LLP

Debevoise & Plimpton LLP – leading international law firm – engaged by the Audit Committee of the Siemens Supervisory Board to **conduct an independent and comprehensive investigation of our compliance and control system**, including the clarification of recent cases



Michael J. Hershman – internationally recognized anti-corruption expert and co-founder of Transparency International – **appointed as external compliance advisor**

Strengthening Compliance @ Siemens

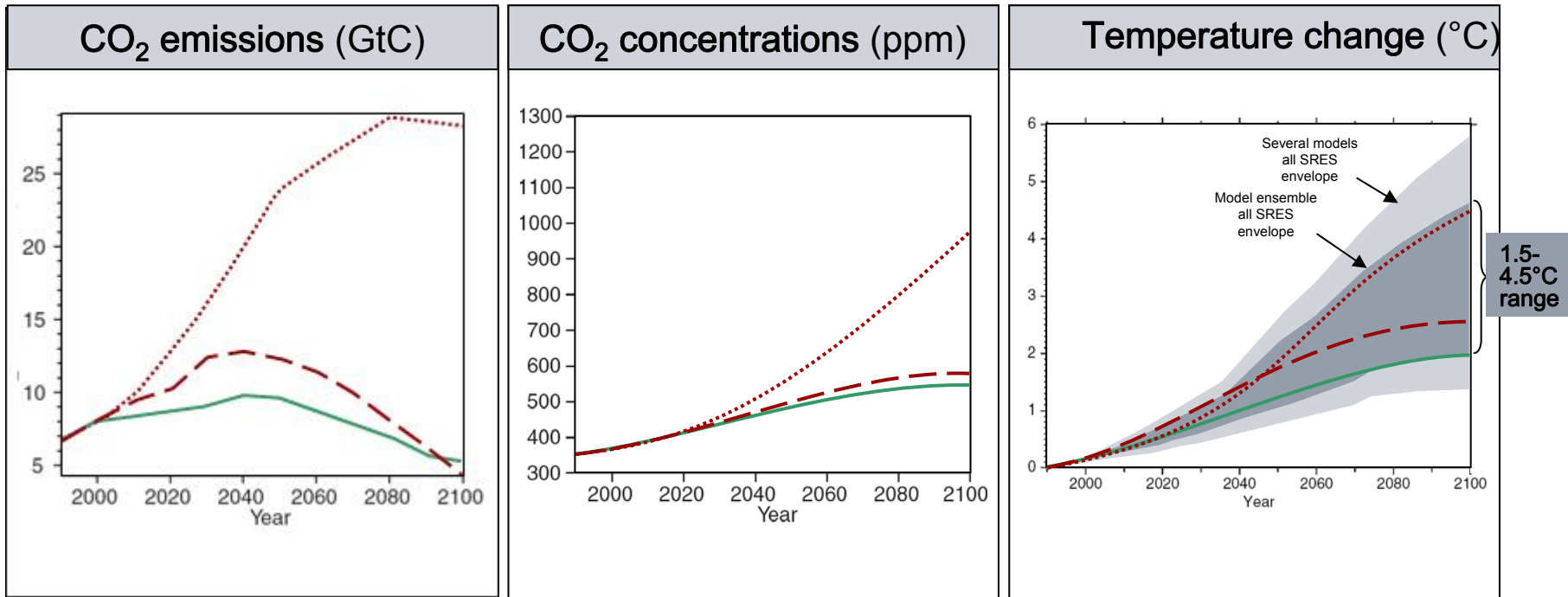
Vigorous Execution of Action Plan

Within the first 28 days we decided to implement, among others, the following key actions as soon as possible:

- Compliance teams will be sent into high-risk countries
- Compliance will be established as a mandatory element of personal performance evaluation
- Key suppliers will be required to adhere to our compliance standards
- 24/7 „compliance advisory service“ will be established
- Develop online training program for all employees, supplemented by personal training for managers

Realistic scenarios predict a temperature rise of 1.5-4.5°C by 2100

IPCC emission scenarios ¹⁾



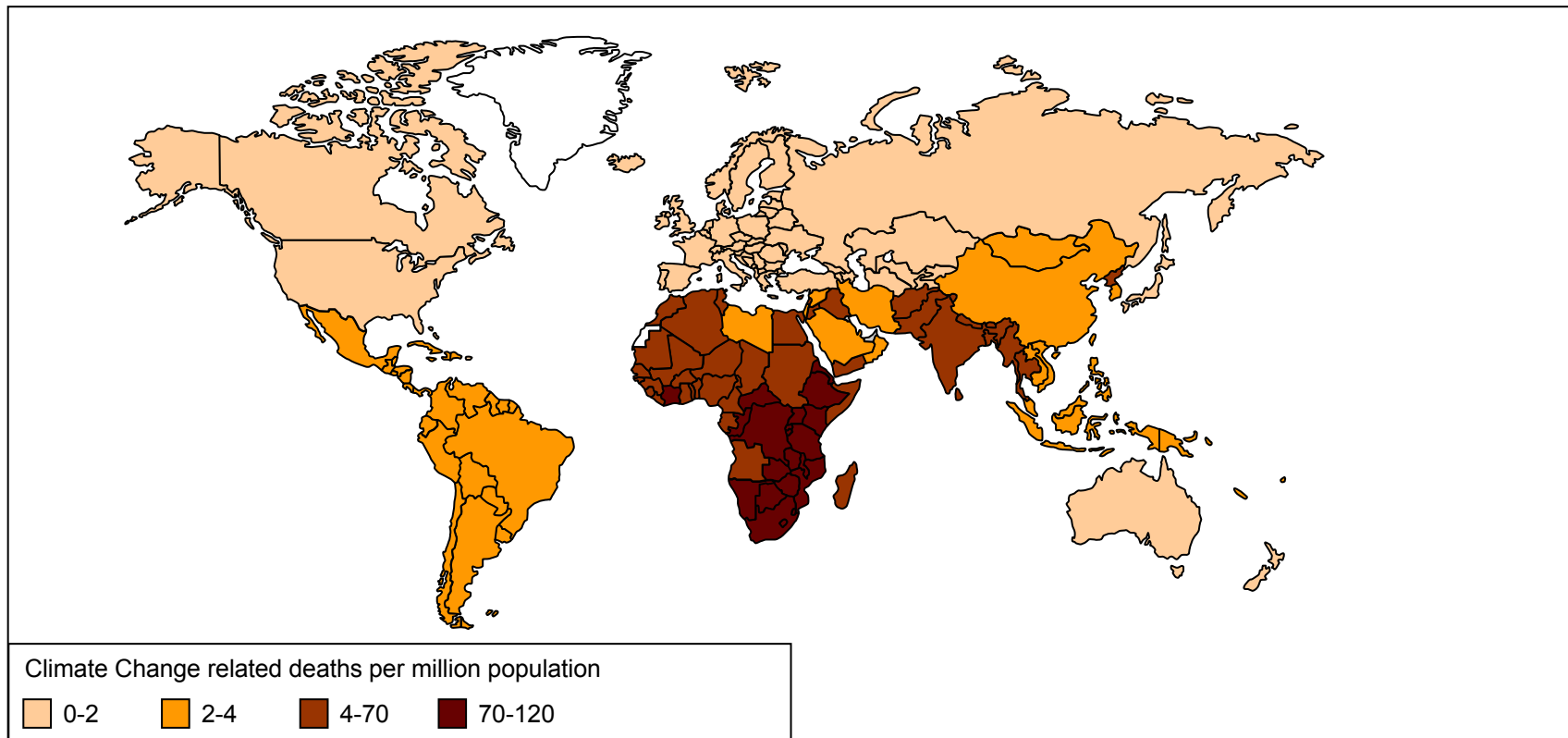
- A1FI: Rapid economic growth, fossil intensive
- - - A1T : Rapid economic growth, non fossil sources
- B1 : Convergent social and environmental sustainability, clean, efficient technologies, shift to service and information etc

1) Short scenario descriptions:

Source: IPCC 2001

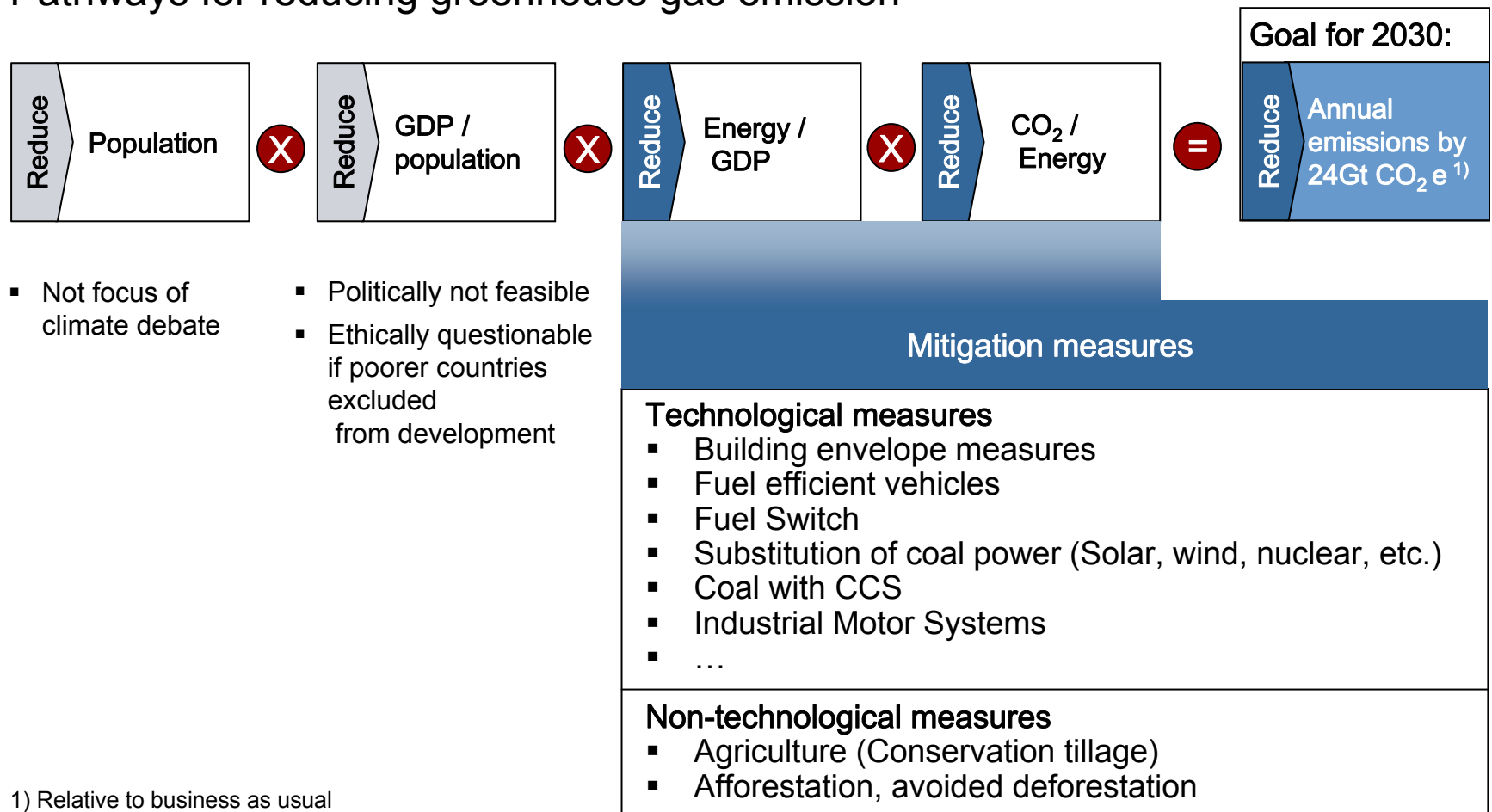
Already today, poorest suffer most

WHO estimates of climate related extra deaths in 2000



Technological innovation is the main lever to combat climate change

Pathways for reducing greenhouse gas emission

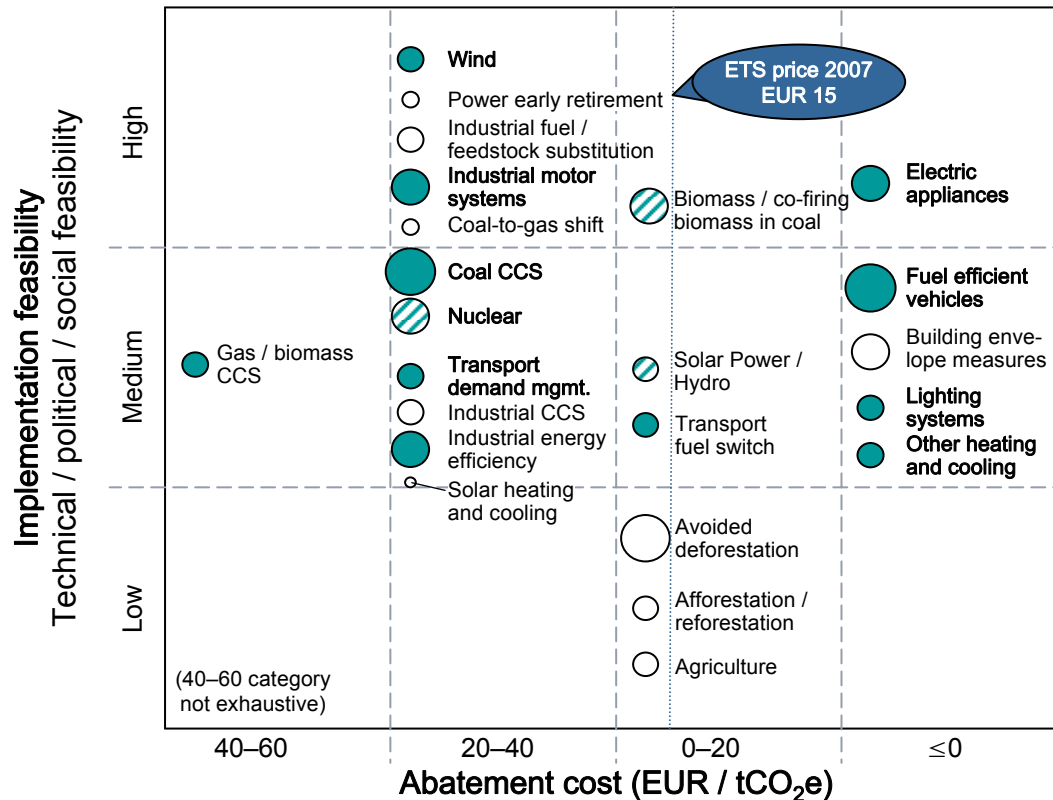


- Not focus of climate debate
- Politically not feasible
- Ethically questionable if poorer countries excluded from development

1) Relative to business as usual

Siemens portfolio addresses most important and feasible measures

Scenario of implementation feasibility, cost and impact of abatement measures additional to BAU in 2030



- Necessary abatement can be covered by already known measures
- High feasibility measures concentrated in power / industry

Part of Siemens portfolio

- Operating company
- ◌ Via participation

Abatement potential











- ≥2 Gt CO₂e
- 1–2 Gt CO₂e
- 0.5–1 Gt CO₂e
- ≤0.5 Gt CO₂e

Note: Figures estimated

Source: McKinsey&Co., Inc., Team Climate Change

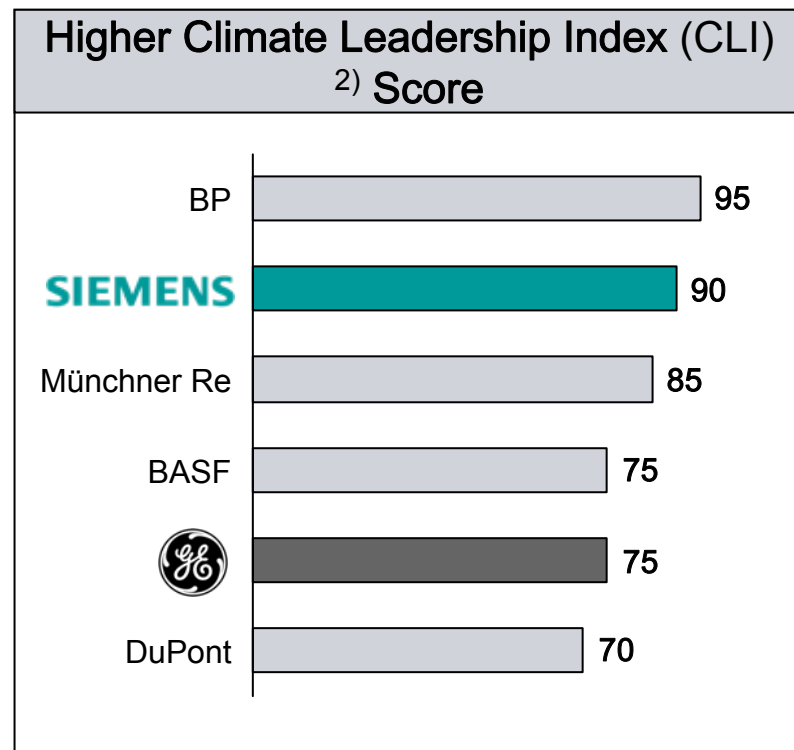
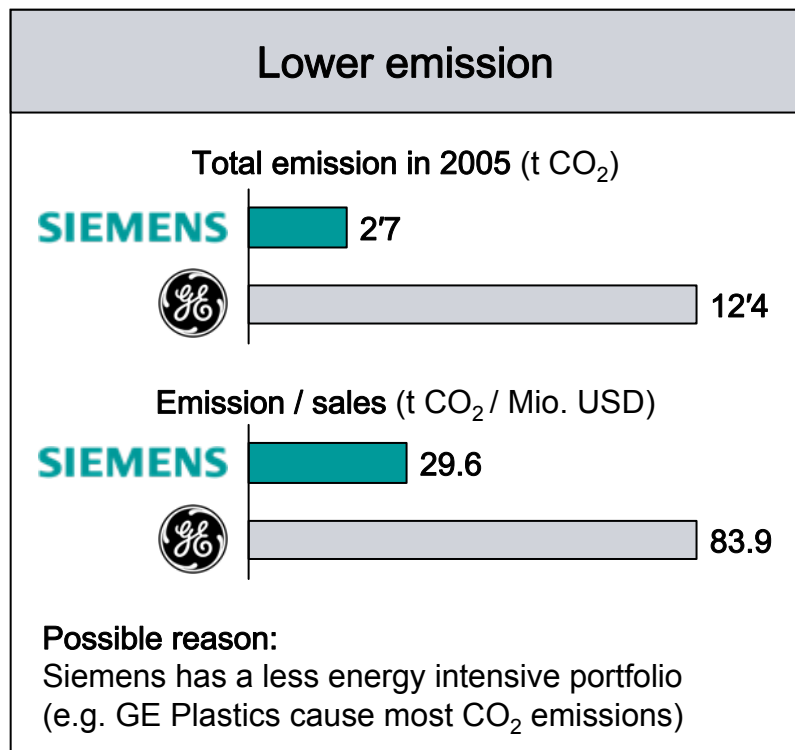
Siemens products with high abatement potential are already available or in development

Overview of technologies

Energy generation			Energy consumption	
Carbon Capture and Storage (CCS) 	Wind 	Biomass Power Plants 	Industrial motor system 	Lighting systems 
Transport demand management 	Industrial Energy Efficiency 	Other heating and cooling 	Electric appliances 	Fuel efficient vehicles 

Carbon disclosure project shows that Siemens is technically well positioned compared to competition

Carbon disclosure project ¹⁾: Comparison Siemens, GE

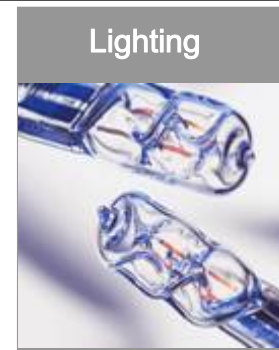


1) Global institutional investor collaboration on business implications of climate change

2) Based on 6 factors:

- A) strategic awareness, B) Management responsibility C) Emissions management & reporting
- D) Emission trading D) Program in place E) Emission targets

Siemens is a good corporate citizen and takes responsibility for the society in the neighborhoods



Sustainable urban development

Corporate Citizenship

Worldwide network of knowledge and people

Knowledge in science and technology, experienced in didactics

Education is the basis for each development

Act responsibly in the neighborhood for strong societies

We focus our citizenship programs on Siemens core competencies

Siemens concentrates on education and charitable projects



We help develop the high potentials in science and technology of the 21st century.



Siemens Caring Hands helps to improve living conditions in the neighborhood.



Siemens Generation21: from Pre-school to University

Pre-school



At the pre-school level, we take a playful approach to awakening youngsters' interest in science- and technology-related phenomena and inter-connections.

School



At the school level, we want to generate enthusiasm for science and technology, encourage students to pursue technology-related careers and enable them to acquire key skills and qualifications.

University



At the university level, we leverage our expertise as an innovative company to support young people who are studying for degrees in the sciences and technology.

Learning by playing – Using our experiment kits, pre-school children become acquainted with natural and technology-related phenomena

In Germany, we are distributing 1500 free experiment kits to pre-schools located near Siemens facilities.

The kits contain everything needed to conduct age-appropriate experiments on electricity, sound, colors, water and air and a voucher for the teachers for a day-long training session.

For the regional companies we offer the **Discovery Box** with 22 experiments on electricity & energy, environment & health, It contains a DVD to explain the experiments.



Siemens Caring Hands consists of 4 action areas

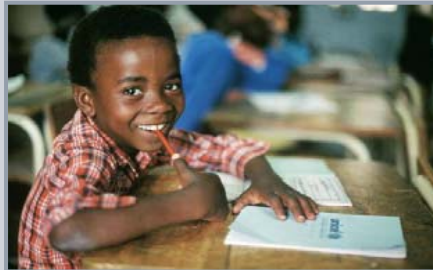
Volunteering



Mobilize employees around the world to participate in community service projects

↑ *Proactive*

Social Giving



Support organizations and projects for people in need

↑ *Proactive*

Disaster Relief



Provide quick, effective aid with lasting impact in the wake of disasters

↓ *Reactive*



Infrastructure (health, energy, water & education)

Sustainable development projects where Siemens helps with products, services and solutions, especially concerning megacities / slums.

Tsunami, December 2004 – €4.7 million collected through worldwide donations and matching company funds

Technical Support

- Com: Tetra Rapid Deployment Unit
- Med: X-ray and ultrasound
- PG: Generators
- I&S: Mobile water filter units



Worldwide appeal with matching funds

- €4.7 million, distributed in India, Indonesia, Sri Lanka and Thailand.

India

- Healthcare centers in four villages
- Housing projects

Indonesia

- Rebuilding schools
- Hospitals

Thailand

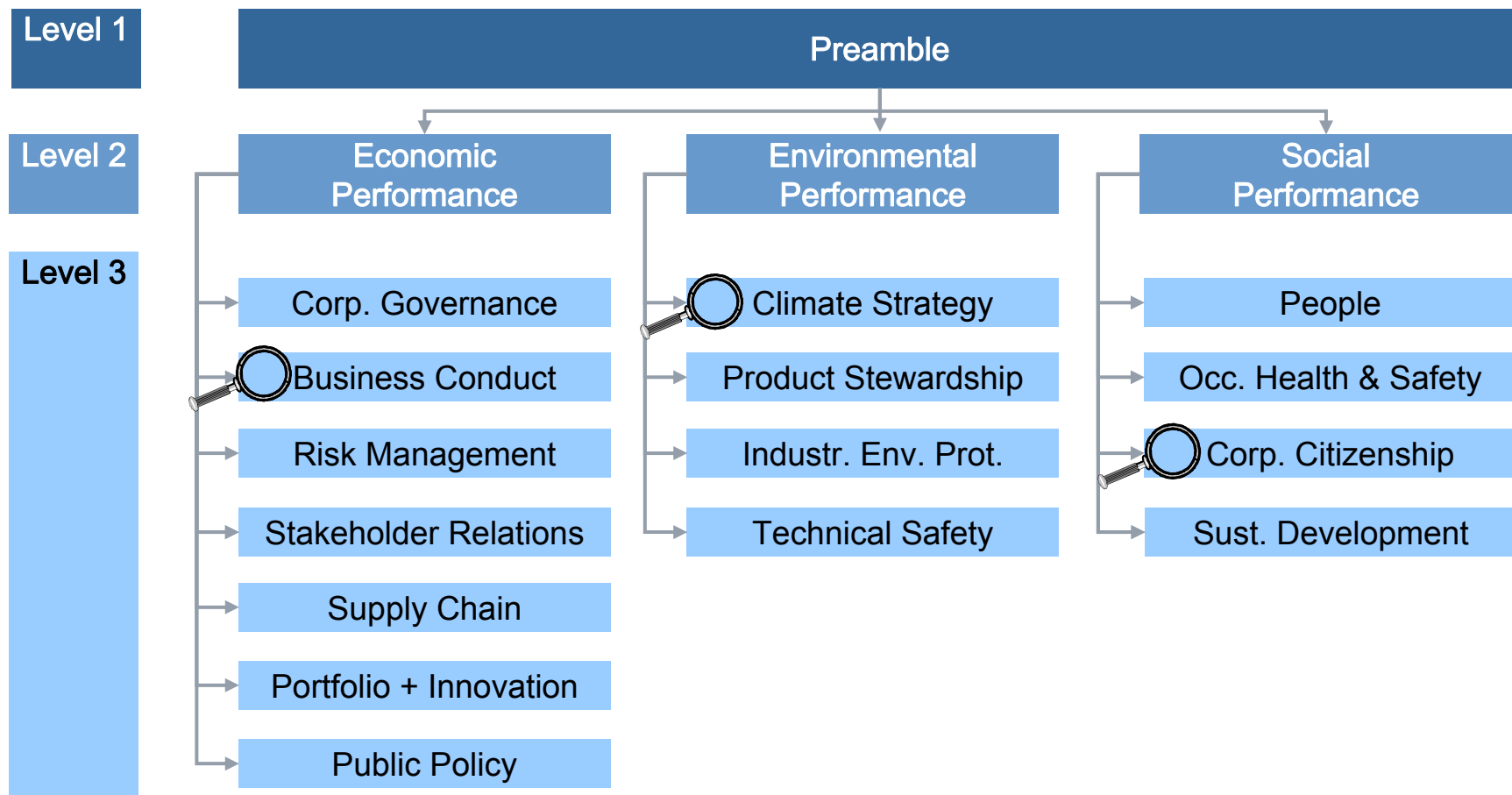
- Tsunami Scholarship Program

Sri Lanka

- Healthcare centers
- Community centers
- Children's hospital



Siemens triple bottom line: Gaining win-wins



We are part of the solution!

Conclusions

- Transforming current compliance weaknesses into strengths through best practices
- Having an excellent sustainable portfolio
- Leveraging citizenship projects for business
- Working on an integrated triple bottom line: from policy to report on progress