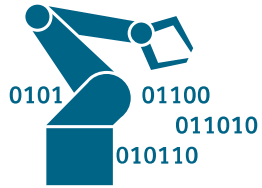


Sustainability Standard Presentation

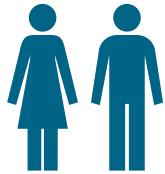
June 2018

Five Megatrends shaping our world of tomorrow



Digitalization

By 2020, around **55 billion** devices will be linked online



Demographic change

The earth's population will increase from 7.3 billion people today to **9.7 billion** in 2050. Average life expectancy will then be 83 years



Climate change

In the summer of 2016, Earth's atmosphere had the **highest CO₂ concentration** in 800,000 years



Urbanization

By 2050, **70 percent of the world's population** will live in cities (2014: 54 percent)



Globalization

The **volume of world trade** nearly **doubled** between **2000 and 2014**

UN Agenda 2030: 17 Sustainable Development Goals to transform our world

Countries will translate the SDGs in national development plans.



Our claim “Ingenuity for life”

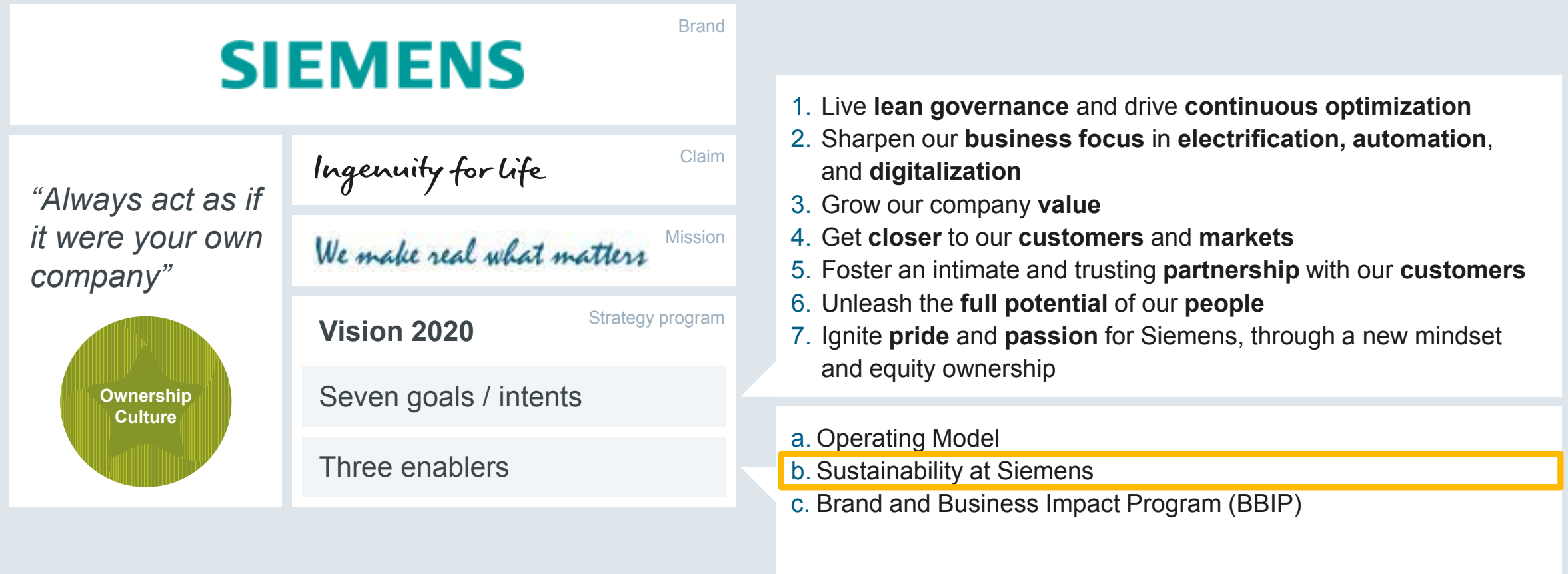


“Ingenuity” stands for **innovation, engineering and genius**. For us, it also includes **unity**: We are united in our efforts, and we are committed to partnering with our customers.

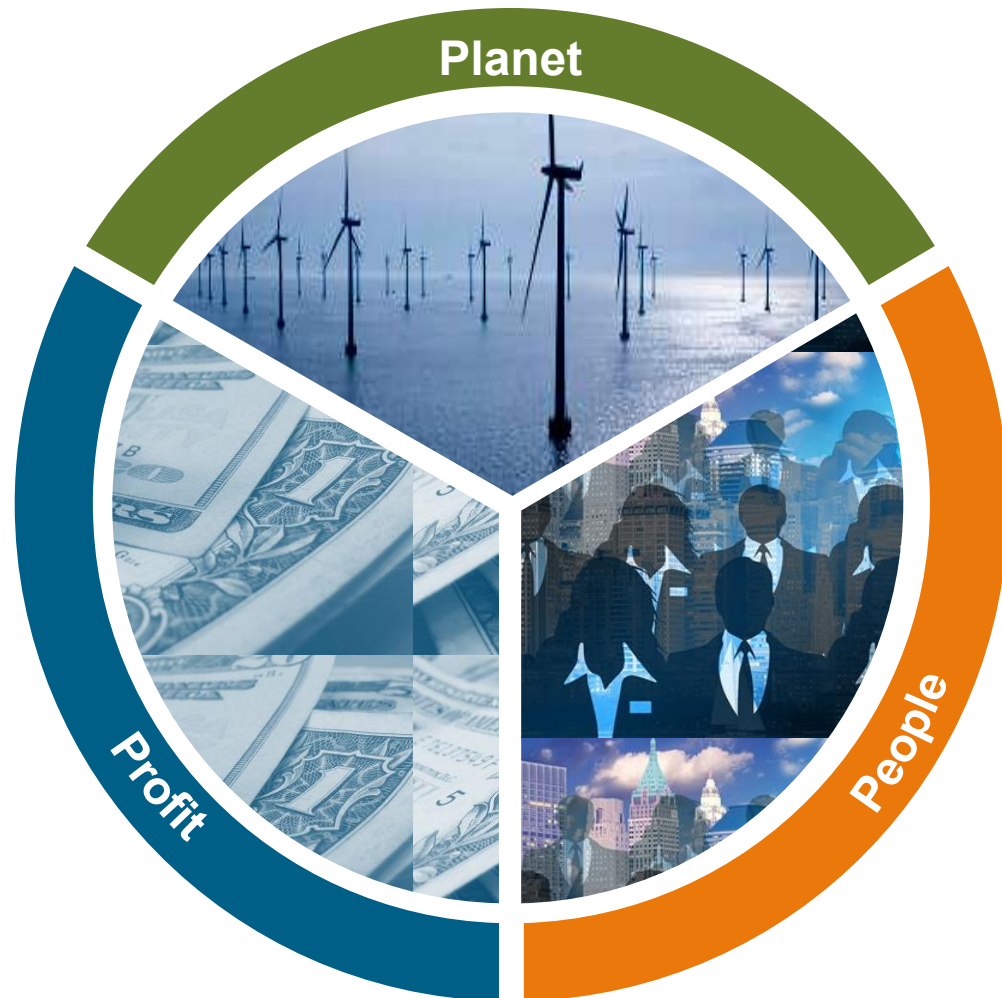
“For life” relates to our role in society: to make real what matters.

“Ingenuity for life” is therefore our unrelenting drive and promise to create **value** for **customers, employees and society**.

Clear and consistent company concepts and messages – Sustainability as one of three enablers of Vision 2020



Sustainability at Siemens aims to optimize the impact of our business activities on a global level



Sustainable development is the means to achieve profitable and long-term growth.

At Siemens we have a clear commitment to think and act in the interest of future generations, balancing

People, Planet and Profit.

Siemens helps advance societies and create value for our business partners



We make real what matters by enhancing responsible business practices, preserving the environment and developing people and society.



Responsible Business Practices

- Supply Chain
- Compliance
- Human rights

Environment

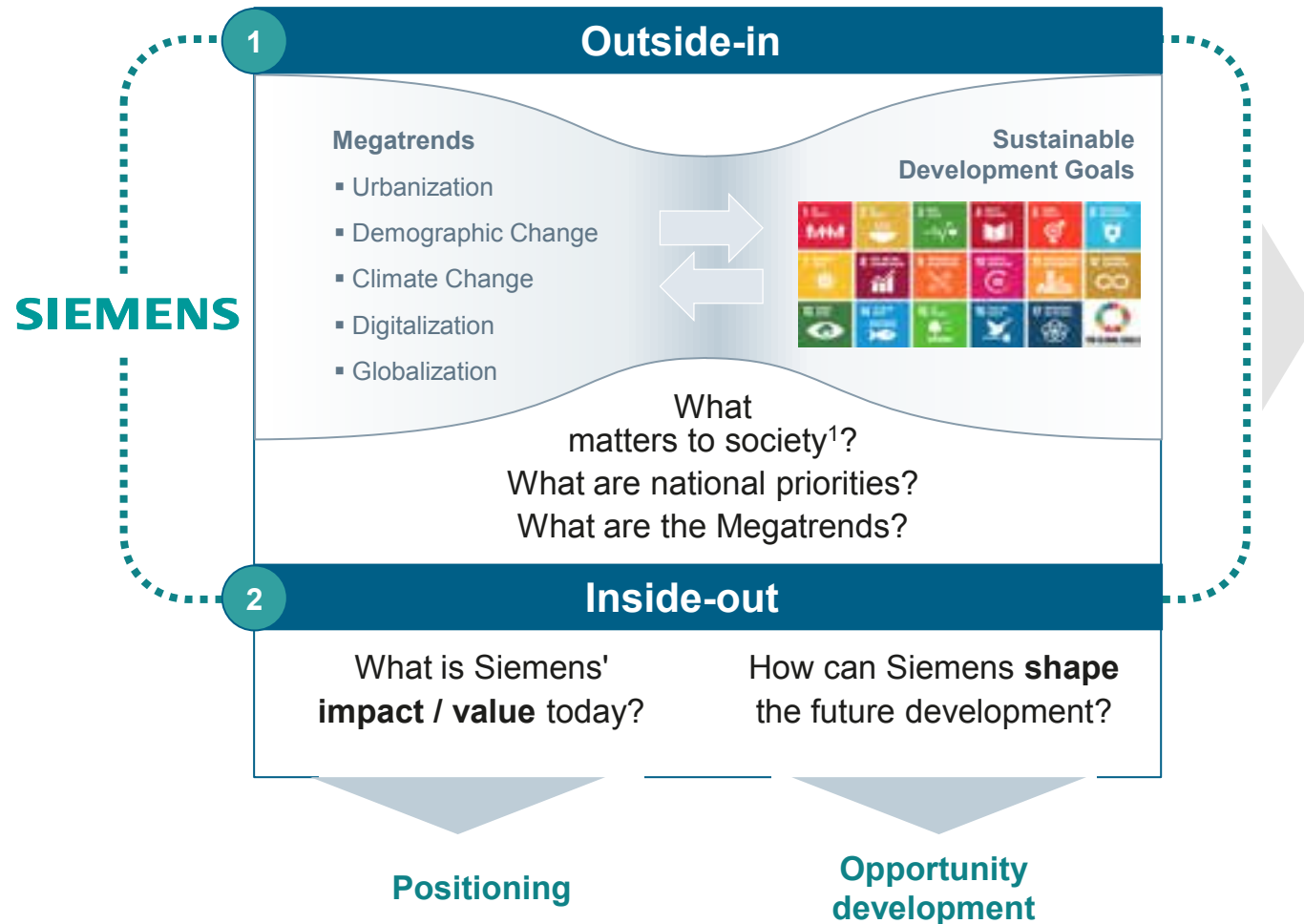
- Decarbonization
- Resource conservation
- Product stewardship

People and Society

- Safety
- Health
- Diversity
- Education
- Corporate Citizenship
- Siemens Arts

With our Business to Society methodology, we assess our impact on societies on a global, country or project level as well as our contribution towards the UN's Sustainable Development Goals.

With “Siemens - Business to Society”, Siemens is well positioned to provide credible proof-points around “making real what matters”



- **Siemens impacts all SDGs** directly or indirectly and is making this impact transparent via the “**Siemens - Business to Society**” approach

- Siemens shows **biggest impact on five SDGs** through its products, solutions and thought leadership expertise:



- For Siemens the SDGs provide a great **opportunity to engage with local governments** and support them to shape their local agenda

SDGs by Siemens impact

Impact via products & solutions

Mostly direct impact through innovative product portfolio along the value chain, thought leadership



Impact via sustainable and responsible business practices

Impact mainly via the way we do business, global operations, partnerships



Indirect impact

SDGs where Siemens has only limited and mostly indirect impact



„Siemens – Business to Society“: We make real what matters

What matters to societies?

Megatrends



UN Agenda 2030 for sustainable development



What impact does Siemens create for societies?



Egypt Megaproject will boost the country's power generation capacity by **50%** through 3 combined cycle power plants, 600 wind turbines, and intelligent power distribution



Siemens is a trusted partner to **>200** cities globally, improving the lives of **millions** - be it through our rail systems transport over **50'** people daily or through infrastructure that increases safety, air quality and resilience in urban environments



In 2017, about **1.3 bn** patients from emerging countries had access to Siemens imaging systems



Innovative solutions from within our Environmental Portfolio help our customers save the equivalent of **> 70%** of Germany's annual CO₂ emissions.



Siemens is committed to become carbon neutral in its own operations by 2030 and invests **€100'** in energy efficiency measures at its own sites until 2020

Examples of positive impact highlights

Key Sustainability figures FY17



Our Environmental Portfolio is worth **€39bn**



We help our customers reduce **570** mio tons of CO₂ emissions



€100 mio will be invested until 2020 in internal energy efficiency measures to become CO₂-neutral by 2030



>10,000 apprentices world-wide as part of our dual education program



941 supplier quality audits



23% proportion of women of total employees



55 anti-corruption projects in 40 countries worth > US\$ 70 mio



>€260 mio invested in the training and education of employees



90,000 suppliers committed to Siemens supplier code of conduct



6.2% of company revenue spent on R&D investment



~63,000 granted patents



90% of waste recycling rate



Environment

Siemens contributes to decarbonization along the value chain



Sustainable Supply Chain

Supply Chain

We measure and report supply chain emissions and encourage our suppliers to increase transparency

CO₂-neutral Siemens operations

Own operations

Siemens aims to become carbon neutral by 2030 and halve its CO₂-footprint by 2020

Siemens Environmental Portfolio

Customers



We support our customers in increasing energy efficiency and reducing their carbon footprint

Solutions range from sustainable power generation, low-loss power transmission, intelligent distribution and storage, and efficient energy use

Environment

Siemens' direct contribution to decarbonization is to be CO₂-neutral by 2030



Levers for CO₂-neutral Siemens

Drive Energy Efficiency Program



Leverage Distributed Energy Systems



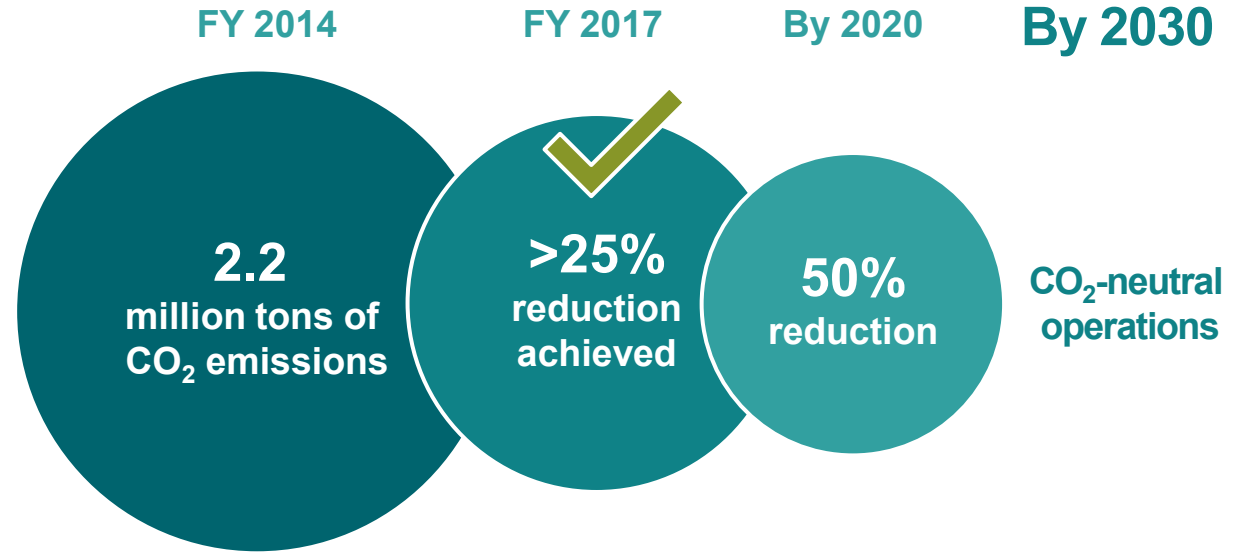
Reduce Fleet emissions



Purchase Green Energy



CO₂-reduction on track



Annual savings from Energy Efficiency projects add up to at least **€20 million**

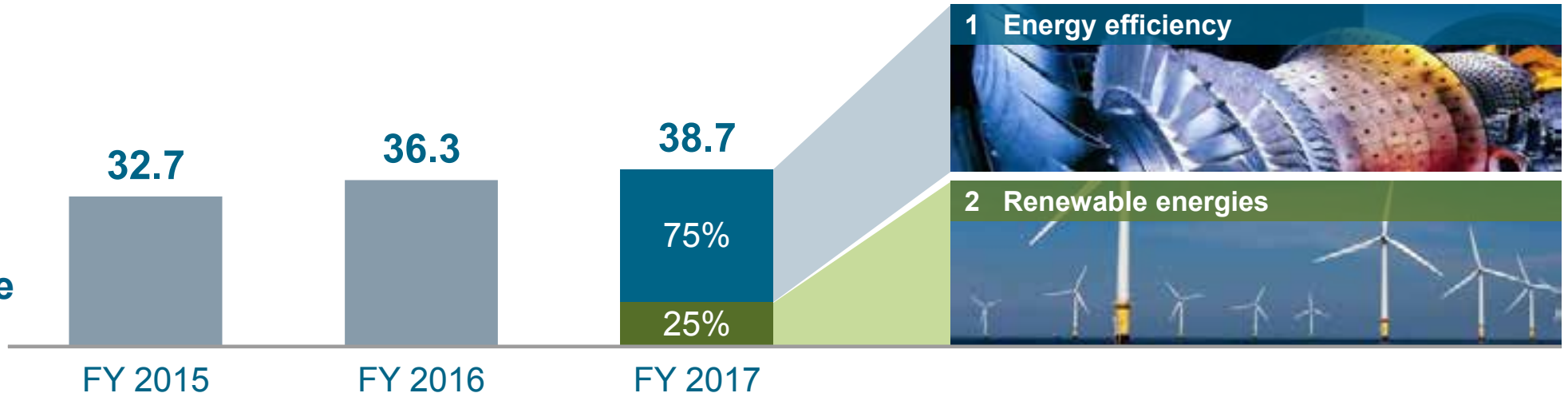
Siemens invests more than **€100 million** to reduce the company's own carbon emissions and become one of the world's **first CO₂-neutral industrial companies by 2030**

Environment

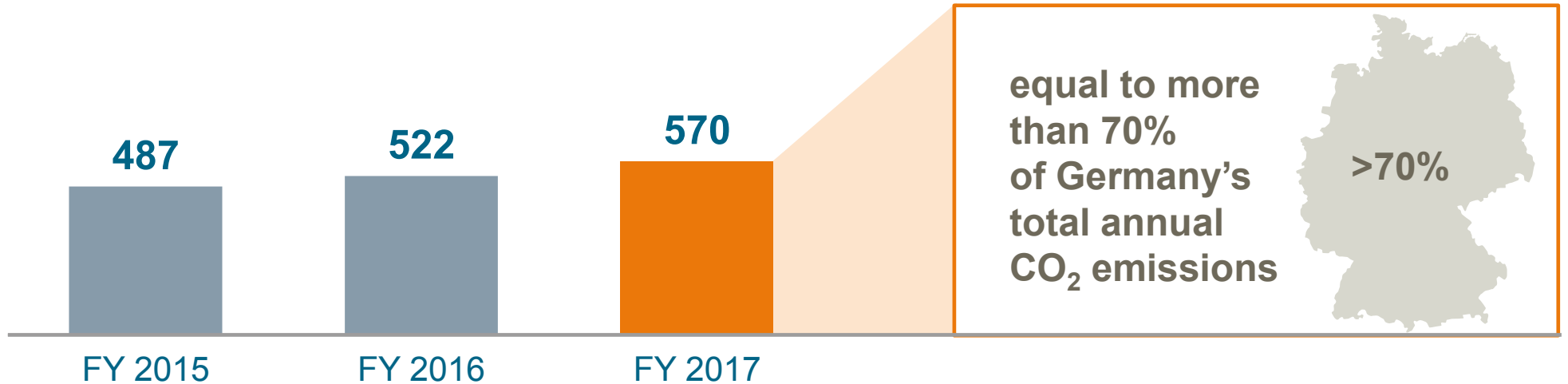
Our biggest lever toward decarbonization is the Siemens Environmental Portfolio



Environmental Portfolio revenue
(in billions of €)¹



Environmental Portfolio CO₂ abatement
(in millions of metric tons)¹



Electrification for Decarbonization – Automation and Digitalization enable further emission reductions



Electrification

Automation

Digitalization

Wind Power – 7 MW gearless offshore turbine



**Ships –
World's first electric ferry**



**Metros –
Driverless operation**



**Wind Power –
Remote Service**



**E-buses –
Automated fast charging**



**E-aircraft – World-record
electric motor**



**Industry 4.0 – Energy
savings with PLM Software**



**Smart grids –
Virtual Power Plants**



Environment

We complement our carbon neutral efforts with our industrial environmental protection program

Environmental Program

“Serve the Environment”



8,521

Environmental measures worldwide

36%

Higher energy efficiency¹

416k

CO₂ emissions reduced²

1%

More waste efficiency¹

13% / 29%

Less ozone depleting substances/volatile organic compounds²

91%

Total recycling rate Siemens wide

67%

Total water risk assessments incl. climate risks

Examples

- Number of energy management systems increased to 64 covering now 25% of Siemens electricity consumption.
- New evaporation technique for liquid waste at site DF Chemnitz reduced waste volume costs drastically by €180,000 p.a. and also shows opportunities for scaling.

¹compared to baseline FY14; ² compared to FY16; all numbers without WP, SGRE FY17

Environment

We focus on resource productivity over the entire product lifecycle



Environmental Program

“Product Eco Excellence”



>1 m

Siemens products

65%

Total **lifecycle assessments** (LCAs)¹

65%

Total **environmental product declarations** (EPDs)¹

17%

more **Critical materials** purchased ^{2; 3}

6%

Total substance suppliers declarations at sufficient quality in **BOMcheck** ³

Examples

- Siemens Division Energy Management increased its total number of Full-Scale LCAs about 263% (from 8 to 29).
- Siemens Divisions HC, WP, DF increased purchase of REE magnet materials for products, so that general CM reduction effect is eliminated. Dominant leverage due to HC material purchasing.

¹ percentage of revenue covered in FY17; ² compared to FY16; ³ without WP, SGRE FY17

Responsible Business Practices

Supply Chain Management provides value to our business and our partners



Measure

Achievements FY 2017

Code of Conduct
for Siemens Suppliers

90,000
suppliers committed

Corporate Responsibility
Self Assessment

~2,400
suppliers assessed

Supplier Quality Audit

~940
suppliers audited by internal auditors

External Sustainability Audit

~400
suppliers audited by external auditors



Responsible Business Practices

Integrity is the basis of sustainable business

- Siemens has zero tolerance for corruption, violations of the principles of fair competition and for other violations of applicable law.
- The company's compliance system and processes support the ownership culture.
- The Siemens Integrity Initiative supports organizations and projects that combat corruption and fraud through Collective Action with more than 100 million US-Dollars.



The compliance priorities provide the basis for the ongoing development and further improvement of the company's compliance system.

Responsible Business Practices

The respect of human rights is an integral part of Siemens' business responsibility

Respect of human rights anchored in the **Siemens Business Conduct Guidelines**

Commitment to international conventions and recommendations

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Our employees

Siemens, the Siemens Central Works Council, the German trade union, IG Metall, and the global industrial union, IndustriAll, have signed an international framework agreement on the principles of corporate responsibility.

Our suppliers and business partners

Our Code of Conduct for Siemens suppliers and third-party intermediaries is based on the UN Global Compact and the principles of the International Labor Organization.

Our supply chain

With our conflict minerals policy, we are working towards avoiding the use of conflict minerals in our supply chain. The policy also describes how we support external activities and initiatives in this context.

People & Society

We manage health as a resource and act upon it proactively

Healthy @ Siemens ¹⁾

Our approach for systematic health management:

- Introduction of a consistent quality standard for sustainable health management across Siemens
- Continuous improvement of health management maturity across all countries
- Healthy @ Siemens Label as recognition for countries which meet the defined quality standard for sustainable Health Management



30 countries and **31 “Betriebe”** in Germany have so far achieved the **Healthy @ Siemens Label**

Health Management ¹⁾



85% of employees have access to **health check-ups**



69% of employees have access to **EAP ²⁾ services**



71% of employees are covered by a **pre-travel check-up**



More than **50%** of employees can participate in **physical activity** and **ergonomic programs** to foster the musculoskeletal health

1) Based on Global HM Reporting FY17 covering 80 countries with 296.193 employees 2) Employee Assistance Program

People & Society

Safety management is an integral part of our business processes



Safety



Fatal accidents increased from 7 in FY16 to 8 in FY17 (including 2 road accidents of Siemens employees and 2 accidents at SGRE)



LTIFR¹ decreased from 0.56 in FY 16 to **0.51 in FY17²**



€ 4.9 million premium refunds from Berufsgenossenschaft in Germany



1,800 more days off due to more work-related and com-muting accidents in Germany cause **additional cost** of approx. **€0.7 million**

Zero Harm Culture @ Siemens

Our approach to establish a systematic safety culture at Siemens and permanently transform the way management and employees think and act.



The Zero Harm Culture @ Siemens Label is awarded on Country level. The goal is to demonstrate that the organizational unit in the country has deployed the Zero Harm Culture @ Siemens in a comprehensive and systematic way and impacted safety on workplace level.



12 countries have been awarded with the Zero Harm Culture @ Siemens Label so far.

¹ Lost Time Injury Frequency Rate, no. of incidents with >1 day off per 200,000 working hours | ² The externally communicated LTIFR for FY17 is 0.51. However, due to an update of the reporting definitions, effective FY18 (Business and Regional data combined; scope extended: Temporary workers, apprentices), the applicable LTIFR baseline for our ambition is 0.53 (not applied to HC and SGRE)

People & Society

Diversity unleashes the full potential of our employees



**Nobody is perfect,
but a team can be!**

At Siemens we value diversity as the inclusion and collaboration of different thinking, backgrounds, experience, expertise and individual qualities across all organizational levels and dimensions

Ability@Siemens

- Siemens promotes accessibility of an inclusive workplace to value the ability of disabled employees
- In Germany, we employ around 6,000 people with disabilities



LGBTI

- At Siemens nobody has to leave his identity at the factory gate
- Our PRIDE network is a role model group to foster openness and collaboration

Gender Balance

- Women in Workforce: 23%
- Women in Management: 16%
- Both genders equally contribute to Siemens' business growth



Globality – Global capability for global reality

- Siemens units more than 170 different nationalities
- Our management consists ~130 nationalities

People & Society

Our commitment to education goes well beyond the company's borders



Siemens invests over **€266 million** each year in the training and education of employees. This equals about **€735** per employee.



Currently we educate **11,315** young apprentices in our training centers globally, 8,743 of whom are in Germany. However, our focus is shifting more to **emerging markets** where skills gaps are a significant obstacle to development (e.g. Egypt, India, Mexico).



Siemens is **one of the largest and most innovative providers** of professional education for secondary-school graduates in the world.



In Germany we reserve **10%** of apprenticeship positions to (socially) disadvantaged youth. Furthermore, Siemens offers vocational **pre-courses for refugees**.

People & Society

Three strategic pillars define the basis of our corporate citizenship activities



We aim to advance societies all around the world. Our citizenship commitment is based on three strategic focus areas



1) Access to Technology

We provide shared value and access to our core competencies in digitalization, automation, electrification and scientific research.

Example: Project “Asha” in the Indian village of Amle that has brought fundamental change to the living conditions of an entire village community.



2) Access to Education

We provide our knowledge to a broader audience, especially in STEM studies, and enable thought leadership. Example: Curiosity Project, UK - where we aim to ignite enthusiasm for STEM studies through a comprehensive program.

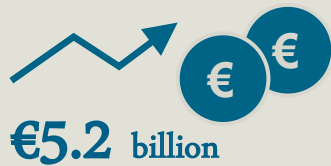
3) Sustaining Communities

We provide humanitarian relief, including financial and technical assistance after natural disasters. Example: Earthquake in Nepal - in 2015, we donated €1.9 million.



Innovation is our lifeblood

Expenditures for research and development



Expenditures for R&D
in fiscal 2017



R&D employees¹

Inventions and patents – securing our future



7,400

Inventions¹



63,000

granted patents¹



8

CKI
universities²



17

principal
partner
universities

¹ In FY 2017

² Center of Knowledge Interchange

Corporate Technology – our competence center for innovation and business excellence³



8,300

employees
worldwide



4,800

software
developers



1,600

researchers



400

patent
experts

³ Employee figures: status FY 2017

The next generation of innovation – A separately managed unit for startups

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In October 2016, Siemens will set up a separate unit to foster disruptive ideas more vigorously and to accelerate the development of new technologies.

The unit's name, next47, plays on the fact that Siemens was founded in 1847. We are using next47 to pool our existing startup activities.

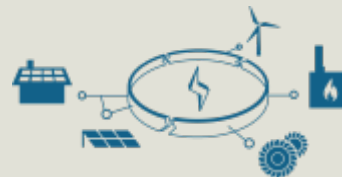
Collaboration with startups



Capital volume

€1 billion
for five years

Selected innovation fields



Distributed electrification



Artificial intelligence



Connected (e-)mobility



Autonomous machines



Block-chain applications

Ratings and Rankings



- 86 points; Member of DJSI World Index
- DJSI is the leading global sustainability index, following a best-in-class approach



- Rating Score: A -
- Siemens responds to the climate change and supply chain request and discloses how greenhouse gas emissions are being reduced and climate change risks mitigated



- #1 of the worlds top regarded companies 2017 Considering trustworthiness/honesty, social conduct, the company as an employer and the performance of the company's product/services.



- #1 at 2017 Global 100 Most Sustainable Corporations in the World
- Annual ranking based on 14 KPI's, covering resources, employee, financial management, and supplier performance.



- #1 on the 2017 Carbon Clean 200 list
- Based on Bloomberg's New Energy Financial (BNEF) database to rank companies according to their clean energy revenues.



- Included in the MSCI World Index¹⁾ for the first time in 2017.
- The MSCI World is a market cap weighted stock market index of 1,653 stocks from companies throughout the world.



- Included in FTSE4Good series
- FTSE4Good is the pioneering global responsible investment index that demonstrates strong Environmental, Social and Governance (ESG) practices of companies.



- 77,3 points
- Included in Bloomberg ESG Terminal, primary audience are investors



- Score: Prime Label
- Oekom qualifies shares on the stock market for an investment from an ecological and social perspective.



- 57 points, "Silver recognition level"
- EcoVadis operates a collaborative platform providing supplier Sustainability Ratings for global supply chains.

1) Formally: Morgan Stanley Capital International

Stakeholder collaboration to leverage our sustainable impact – Selected examples

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World Economic Forum



International Chamber of Commerce



UN Global Compact



CDP



UN Environmental Program



Global Reporting Initiative



UNFCCC



econsense



European School of Management and Technology



The Conference Board



” For us, Ingenuity for life means dedicating our innovative spirit to the service of society and our planet.”

Roland Busch, Managing Board Member and CTO on sustainability

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” Siemens can and will lead this transition to a low-carbon economy – both with our Environmental Portfolio and our CO₂-neutral program.



” Almost all the technologies needed for the transition to a zero emission economy already exist today.

Quotes from our management board 1/2

Joe Kaeser

- “For us, Ingenuity for life means dedicating our innovative spirit to the service of society and our planet – every day, every year, for an entire lifetime.”
- “A company that does not add value to the society should not exist.”
- “We stand for innovation, quality and engineering – but also for responsibility, integrity and society.“
- “This company does not act in terms of quarterly expectations; rather, we think in terms of the long-term and in generations.”
- “Committing to cutting our global carbon footprint is not only prudent – it’s profitable.”
- “Industry can lead on climate change”.
- “The G7 leaders have committed to decarbonize the economy over the course of the century. We already have initiated the changes and fully support the effort to mitigate climate change.”
- “We should lead not just by talking but we need to lead by example.”
- “Whatever we do it must add lasting value and deliver benefits – for shareholders, for employees, for costumers and for our partners in business and in society.”
- Full awareness of our responsibility towards the society and the future generations... That is what "Business to Society" means to me!
- “An increased push for energy efficiency, renewable energy technology, electric mobility along with the growing digitalization movement and a universal carbon pricing structure, would speed up the carbon-free future and the rise of a global middle class we desperately need”

Quotes from our management board 2/2



Roland Busch

- “70% of all emissions will come from cities. If we want to win the battle against climate change, we need to win the battle in the cities first.”
- “The Paris Agreement marks a historic turning point. The world clearly moves towards decarbonization. Siemens can and will lead this transition to a low-carbon economy – both with our Environmental Portfolio and our CO₂-neutral program.”

Lisa Davis

- “Almost all the technologies needed for the transition to a zero emission economy already exist today. But the furtherance of decarbonization in the energy sector will not be the sole decisive factor – electrification and digitalization in all the other sectors will also be crucial. Along with the energy sector, the industry, building and transport sectors are responsible for almost 75 percent of the total emissions. We need to deploy energy-efficient and renewable technologies in these areas alongside innovative storage facilities.”

Contact and further information

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Ingenuity for Life



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[siemens.com/sustainability](https://www.siemens.com/sustainability)

[siemens.com/decarbonization](https://www.siemens.com/decarbonization)

[siemens.com/carbonneutral](https://www.siemens.com/carbonneutral)

[siemens.com/environmentalportfolio](https://www.siemens.com/environmentalportfolio)

[Siemens.com/resourceconservation](https://www.siemens.com/resourceconservation)

[Siemens.com/productstewardship](https://www.siemens.com/productstewardship)

[siemens.com/b2s](https://www.siemens.com/b2s)

[siemens.com/diversity](https://www.siemens.com/diversity)

[siemens.com/education](https://www.siemens.com/education)

[siemens.com/safety](https://www.siemens.com/safety)

[siemens.com/health](https://www.siemens.com/health)

[siemens.com/humanrights](https://www.siemens.com/humanrights)