



# **Sustainability information 2020**



**SIEMENS**

# | Foreword

**Dear Shareholders,**

**Dear Readers,**

2020 was a memorable year and the beginning of a decade whose changes are yet to be seen. The global COVID-19 pandemic is the biggest health, social, and economic crisis in peacetime since World War II and has fundamentally changed our lives.

**“At Siemens, we are serious about our responsibility to our employees, our partners, and to society. Our employees’ health and safety are a top priority.”**

The crisis has been merciless in laying bare the vulnerabilities and deficits of our social, ecological, and economic system. It has shown us that at no point should the central pillars of sustainability be taken for granted – that they require our ongoing commitment. Beyond good health and well-being – one of the United Nations’ Sustainable Development Goals (SDG) to which our commitment has been especially important this year – we must also make good on the other 16 SDGs. The crisis has reaffirmed the importance of working together resolutely and in solidarity to face these challenges.

At Siemens, we are serious about our responsibility to our employees, our partners, and to society. Our employees’ health and safety are a top priority. This is especially true in the face of the COVID-19 pandemic. We immediately implemented far-reaching protec-

tive measures at our locations and recalled employees around the world, and we transitioned to remote work for the long term to keep our people safe. We also supplied our employees with the appropriate protective gear and made it possible in no time for 220,000 Siemens AG and Siemens Energy employees to work remotely.

**“We help wherever we can – including with our technologies and innovations, whose purpose and benefit to society are often felt directly amid the crisis.”**

In these difficult times, we don’t merely talk about solidarity; we embody it tangibly and without red tape. Our employees have been shining examples of this. One of our many initiatives is the coronavirus aid fund, which is run by Siemens Caring Hands e. V. and financed by employee donations in addition to supplemental funding from the company. We at Siemens have provided more than €15 million in funding for specific COVID-19 aid projects worldwide.

We can also help with our technologies and innovations, whose purpose and benefit to society are often felt directly amid the crisis. One example comes from Siemens Healthineers, which developed a top-quality rapid test for COVID-19. And Digital Industries is helping manufacturers of PPE and medical equipment to

adapt their means of production. Meanwhile, we have opened up our 3D-printing network to assist the production of urgently needed medical replacement parts.

The task before us is to overcome the pandemic in its entirety without losing sight of the future. After all, there will be a time after COVID-19, and we're convinced that every crisis also comes with great opportunities. Despite all the negative consequences of the pandemic, we also have a great opportunity and the responsibility to shape a better world – a sustainable and multilateral world founded on the principles of an environmentally and socially conscious market economy. As a global technology company, Siemens will continue to actively contribute. That was and is our aspiration and is in line with our long-term, strategic objectives, which we vigorously continue to pursue – even under the changed circumstances.

**“This year we achieved the ambitious goal we set for ourselves in 2015 of slashing our worldwide CO<sub>2</sub> emissions by half in comparison to 2014 emissions.”**

The spin-off of Siemens Energy this year marked a crucial step in our Vision 2020+ strategy. A new publicly traded company, Siemens Energy operates worldwide along the entire energy value chain, which includes the service business. And it is currently developing a concept for how the phase-out of coal-fired power plants can be carried out consequently and responsibly.

Specialized in the fields of industry, infrastructure, and transportation, the new Siemens AG now plans to concentrate even more on areas that form the backbone of our economies and that play a key role in reshaping global value chains. From highly agile

and productive factories and smart and efficient buildings, to new solutions for sustainable mobility, we will make use of new developments and innovative products to help our customers and society to shape the big changes of our times to their advantage.

The three companies – Siemens AG, Siemens Energy, and Siemens Healthineers – will continue to share the values for which the Siemens brand stands, including sustainability in all its dimensions. Protecting the environment, creating value for society, responsible business practices, and relentless pursuit of innovation and competitiveness will continue to be at the heart of our business activities.

We go well beyond what is required by law today to protect the environment and reduce our ecological impact. And we do more than is sometimes recognized by the public. Even if we don't do everything right – such as with our mobility project in Australia – we achieve a great deal of good. Measurable good. This year we achieved the ambitious goal we set for ourselves in 2015 of slashing our worldwide CO<sub>2</sub> emissions by half in comparison to 2014 emissions. This is an important milestone on our path to climate neutrality by 2030, which we continue to work hard to achieve. We have also anchored responsibility for sustainable action in our compensation system for the Managing Board and senior management.

**“We use our digital portfolio to help our customers shift to more efficient, less resource-intensive production practices and use environmentally friendly materials.”**

As part of our sustainability strategy, we also review all projects according to applicable ESG standards. Accordingly, we are introducing an ESG due-diligence tool to identify and mitigate environmental and social risks as well as associated risks that jeopardize human rights or our reputation. Both the management of our respective businesses and our sustainability committee can use this information to identify, evaluate, and respond to projects – such as the controversial delivery of safety systems to Adani’s Carmichael project – early on and before decisive and irreversible commitments are made. Here, too, we have learned. Furthermore, the Siemens Sustainability Board (SSB) acts as a consultative committee for business activities and planned strategic business projects that entail high environmental and social risks as well as associated human rights and reputational risks. In case of doubt, it can escalate a given issue to Siemens AG’s Managing Board.

**“Compliance means much more to us than simply adhering to laws and internal rules.”**

Whereas the past decade was marked by the rise and spread of the “Internet of People,” the coming decade will be all about the “Internet of Things.” We use our digital portfolio to help our customers shift to more efficient, less resource-intensive production practices and use environmentally friendly materials.

Still, this change can only succeed if we can count on the security of our data and systems. We recognized early on that not only the free flow of data, but above all its security, is an integral part of the digital revolution. Only by mitigating cyber risks will our world be able to take advantage of the countless opportunities offered by digital technologies. As one of the first companies in the world to do so, we developed a holistic approach to cybersecurity. Through it, we

not only develop products, solutions, and services for our customers, but also protect our employees and infrastructure, as well as our IT and plant technologies, against external risks and cyberattacks.

There’s another area where we take this approach of viewing problems and risks holistically: compliance. Compliance means much more to us than simply adhering to laws and internal rules. Compliance forms the basis for all our decisions and activities, and it is the key to business integrity. We continue to develop our compliance system so that we can keep up with rapid changes in business and technology. Optimizing internal compliance processes, honing our focus on risk, and modernizing the compliance-tool landscape are just some of the measures we set in motion this fiscal year. As part of our push for Collective Action, we are establishing alliances with numerous organizations to fight corruption and promote fair competition worldwide. The Siemens Integrity Initiative focuses on supporting projects with a significant business connection; by the end of fiscal 2020, it had provided about U.S.\$98.5 million in funding for 77 projects worldwide.

**“Beyond that, we stand behind the Ten Principles of the Global Compact as well as the United Nations Guiding Principles on Business and Human Rights.”**

For years, Siemens’ far-reaching activities in the area of sustainability have been widely recognized around the world. S&P Dow Jones included Siemens in the DJSI World Index for the 21st time in a row, affirming our reputation as one of the most sustainable companies in the industry. The Carbon Disclosure Project also recognized our achievements in the fight against climate change, giving Siemens an A- rating. We are proud of two further distinctions: The Financial Times

Stock Exchange once again included Siemens in its FTSE4Good Index Series for ethical investment, while the MSCI World ESG Index gave us a score of AAA for the fifth year in a row. These recognitions give us all the more reason to continue our good work and to improve upon it.

We know worldwide sustainable development can't be achieved alone. Our partnerships with international players, business associations, think tanks, non-profit organizations, and academic institutions make us better able to cope with current and future challenges.

**“We know worldwide sustainable development can't be achieved alone.”**

As part of global alliances – such as the UN Global Compact, the World Economic Forum, econsense, and Transparency International, as well as through cooperation with numerous universities – we develop principles and solutions that serve as a framework for the work we do across our company. One example is the Charter of Trust initiated by Siemens in 2018. Through the Charter, we have joined forces with lead-

**“For 173 years Siemens has been driven by one idea: to improve the lives of people all over the world through our technologies.”**

ing companies from all over the world to make the digital world safer and more secure. Beyond that, we stand behind the Ten Principles of the Global Compact as well as the United Nations Guiding Principles on Business and Human Rights.

For 173 years Siemens has been driven by one idea: to improve the lives of people all over the world through our technologies. We see it as our job to solve problems and overcome challenges through our innovations and actions, and thereby contribute to a livable and sustainable future. That is what spurs our 293,000 colleagues around the world on each and every day. We're confident this will continue well into the future.



Joe Kaeser



Dr. Roland Busch



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# The COVID-19 pandemic

## Effects, selected measures, and the “new normal” at Siemens.

### How has the crisis affected us?

The world is facing an unprecedented crisis. In its scale, it has hit society and Siemens unexpectedly: Movement restrictions; compulsory masks; switching to working from home; the sudden breakdown of established decision-making, logistics, and production structures; and responding to national regulations are just some of the challenges we have faced as a company. The same can be said for our employees, customers, and partners.

Due to international travel restrictions, many of our employees were stranded outside their home country on project assignments. Siemens responded to this with campaigns to return employees all over the world. In Germany, we also worked together with the Federation of German Industries (BDI) and the German Engineering Association (VDMA) to bring employees of other German companies back to their home countries.

The measures to control the pandemic in the key markets of China, India, Germany, and the U.S., among others, presented us, our partners, and our customers with major challenges, particularly in terms of the critical infrastructure (energy, transport, hospitals), in the automotive and mechanical engineering sectors, and in the project and service sector. We have also been forced to temporarily close some of our manufacturing sites to ensure the safety of our employees and partners at these sites and to comply with local government requirements. We were able to quickly reopen closed locations or avoid impending closures because Siemens is crucial to the functioning

of local communities and is therefore considered systemically relevant due to its size and its close supply and service relationships with numerous operators of critical infrastructures. The health and safety of our employees were always our highest priority during this time.

### How did we act during the crisis?

In January, we were one of the first international groups to convene a global task force under the leadership of HR EHS (Environmental Protection, Health Management and Safety) together with representatives of the relevant business functions and businesses and the country organization in China. The aim was to continuously monitor the situation and evaluate all new developments in order to immediately derive measures to protect the health of our employees. This enabled the countries to be prepared for the coming crisis in a timely manner through the outlining of emergency and business continuity plans. In addition, we secured the global supply of face masks for employees and the IT infrastructure for the rise in remote working in good time. Thanks to our cloud-based IT infrastructure, we were able to quickly scale our services and promptly enable 220,000 employees<sup>1</sup> to work remotely.

With the global spread of the virus, the decision was made to mobilize a corporate crisis team already in place at the company. Under the leadership of President and Chief Executive Officer Joe Kaeser, this management team deals with the following: the health, safety, and protection of our employees;

<sup>1</sup> Including Siemens Energy.



securing operations (business continuity: demand side and supply chain, regulatory issues, etc.); the global coordination of regional aspects; financial stability; liquidity; securing our own infrastructure; and assistance and support for society.

### Stability through quick decision-making and agile structures

An important factor in the current crisis was the rapid decision-making process of the crisis management team, which regularly held virtual conferences to assess the impact of the pandemic on our company and derive the appropriate measures. One of the key aspects of this was to be transparent toward our employees and keep them regularly informed about the current situation. This included a weekly status report in the form of a video message from the CEO.

In addition to the centralized exchange of information, it was crucial that the crisis management itself was organized locally, in the respective countries, in order to be able to respond quickly and efficiently to the regional situation. The crisis management team set the framework and priorities between business, country, EHS, and regulatory requirements. The implementation of activities took place independently on site.

Overall, we were able to maintain control over the business units by adapting standards and processes as required. In areas where we had no operational influence – such as demand side or access to services – we developed structures that enabled us to respond flexibly to national circumstances.

Since the various countries and functions were able to responsibly and successfully implement guidelines, the crisis management team was transformed into an evolving COVID-19 working group at the end of May 2020.

### Role model in the crisis

However, the crisis management team has achieved more than just emergency organization and communication; it has established trust and confidence by

acting sensitively, and has inspired employees worldwide to set a good example in these difficult times. Siemens has made a valuable contribution throughout the crisis and beyond with numerous initiatives and solutions:

- Siemens has made available over €15 million for specific COVID-19 relief projects. More than €7 million of this amount comes from the coronavirus relief fund of the Siemens Caring Hands e.V. non-profit organization, in which Siemens has doubled every amount donated by employees. The remaining roughly €8 million comes from the company's own funds. [📄 MORE INFORMATION](#)
- We developed flexible and tailored working hours and leave-of-absence models for employees, especially those with children.
- For colleagues who cannot work from home, such as factory workers or employees in sales or service units, comprehensive protection concepts were developed and systematically implemented within a very short time.
- “Help wherever we can” – that is the motto from Siemens Healthineers. Accordingly, high quality COVID-19 test kits were developed and the delivery of medical equipment to hospitals was accelerated during the crisis.
- The Digital Industries business has, among other things, opened its 3D-printing network to hospitals and healthcare organizations to produce urgently needed spare parts for medical equipment.
- Smart Infrastructure provides solutions (Siveillance Thermal Shield) for the contactless measurement of body temperature at key entry points to buildings. This improves the protection of all persons in the building and minimizes the risk of infection. With the workplace app Comfy, we also offer the possibility of adhering to fixed occupancy numbers for buildings and individual areas.
- Digital solutions and products have helped manufacturing companies to respond quickly and flexibly to new challenges in the production environment. Remote solutions enable smooth access

to production facilities no matter the location. With the help of the concept of digital twins, machines can be tested virtually before starting production. This means that they can respond flexibly and at short notice to one-off effects during production, such as when the production changes over to medical equipment.

→ Siemens Mobility has identified physical and technical solutions that help the transportation industry to protect its employees and transport its passengers safely. These solutions include, for example, an app that enables commuters to plan their journey with as few COVID-19 risks as possible, as well as contactless ticketing and special filter systems for the train air-conditioning systems, and UV devices for disinfecting the train driver cabs.

With all these measures and solutions, we strive to make a strong social contribution to one of the, in our view, most urgently needed assets today: solidarity. The responsible actions, as well as the foresight and flexibility, of the entire workforce also show that the purpose of our company – serving society – is firmly anchored among our more than 293,000 employees.

### What have we learned from the crisis?

They say nothing reveals character like a crisis, and Siemens has certainly revealed its character. At all levels of our organization, our employees have adapted to a new way of life and working and, despite the unique circumstances, have achieved outstanding results. For example, the spin-off of the energy business was successfully completed. And we will continue to transform Siemens. Within the scope of our Vision 2020+, we already emphasized that Siemens must do more than being economically successful. As a company, we want to contribute to a sustainable, multilateral world. Three elements of our strategic focus are particularly noteworthy:

## 1. Our company culture

Successful transformation is only possible with excellent and motivated employees. The crisis has greatly accelerated the implementation of modern working methods and redefined the ways of collaborating. Siemens will therefore establish mobile working (New Normal Working Model) as a core component of its company culture on a permanent basis. The aim is to enable all employees worldwide to work on a mobile basis for an average of two to three days a week, depending on their role and area of responsibility. In other words, to choose a place of work where they are most productive and where their wellbeing can be improved through greater flexibility regarding personal solutions. The New Normal Working Model will therefore fit seamlessly into our concept for the future of work. This working model is based on the further development of our company and management culture, which is oriented toward results rather than time spent at the office, and is based on trust and empowerment.

With this new working model, Siemens is one of the first major international corporations to create a culture that not only increases employee motivation and performance, but also strengthens its profile as an attractive employer that is flexibly prepared for any arising future crises.

## 2. Our innovative strength

In the post-coronavirus era, we will have the opportunity to shape change. That is why we are committed to helping governments around the world establish frameworks that will accelerate investment in productivity-enhancing measures and key areas such as digitalization, automation, and energy system sustainability. Siemens has understood that opportunities arise from crisis and that development within the framework of the new normal must take place under the premise of sustainability. The company is excellently positioned to make a sustainable and resource-saving contribution with new technologies such as IoT,

AI, and digital twins. We are acting from a position of strength: We are the world leader in automation and industrial digitalization, to name just two areas that now play a key role in the redesigning of global value chains. Health technology, sustainable energy policy, and resource conservation are other areas. Digital Industries heads up the entire offer of electrification, automation, and digitalization (EAD). Smart Infrastructure has also a strong market position – modern mobility, energy intelligence for a changing, more adaptable grid as well as the increasing demand for intelligent building technology are the key drivers for the intelligent infrastructure industry.

### 3. Digitalization and the Internet of Things (IoT)

The coronavirus pandemic has challenged many of the things we take for granted in our everyday life. How will we behave in public spaces, offices, and factories in the future? How do we prevent whole regions from being locked down in the next pandemic?

Today, we have a unique opportunity to reassess how technology can be used to address these new challenges, as well as existing ones such as climate change, urbanization, and population growth. The pandemic is causing a paradigm shift: We are on the threshold of a new era of digitalization.

While in the past we used smart sensors primarily to protect and operate infrastructure, in the future they may increasingly help to monitor our living and working spaces for health hazards: from sensors that analyze the air for pathogens to the option of measuring the temperature of visitors, recording the number of people in buildings, and adjusting the air circulation accordingly or activating access restrictions.

Siemens is the first blue chip company to be able to digitalize its workplaces around the world using its own technologies. Examples of these technologies include sensors of Enlightened and the smart Comfy workplace app, which ensures a safe return to the

office, provides a communication channel between employees and companies with information relevant to the workplace, and lays the foundation for future-proof digital workplaces. Another example is a social distancing solution that uses a combination of software and hardware to help factory workers maintain the necessary distances and avoid infection risks. The recent strategic partnership between Salesforce and Siemens also aims to develop a comprehensive suite of solutions for workplace technology.

The new Siemens Advanta business unit was created specifically to accompany our customers on their digital transformation into the future. The demand for consulting services and implementation has never been higher. We advise our customers on all aspects concerning Internet of Things (IoT) and work with them to develop individual solutions to problems that have arisen during the crisis. The focus is on solutions for remote operations (ensuring the continuity of operations via remote maintenance and control) as well as for the management of plants and the maintenance of critical infrastructures. These are the first steps toward making business crisis-proof and resilient.

In these unusual times, Siemens is positioned robust and flexible. We want to create a new world together, a new normal that benefits from our products, services, and technologies. To this end, we are not only establishing a new company and management culture, but are also creating an infrastructure we can use to respond quickly and efficiently to change – be it brought about by pandemics, natural disasters, or climate change – while at the same time contributing to the well-being of society.

[MORE INFORMATION](#)

# Siemens at a glance

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



Siemens is a technology company centered on the industries that form the backbone of economies: manufacturing, infrastructure, and transport. Our technology empowers our customers to transform their industries – to create more agile and productive factories, more intelligent and efficient buildings and grids, more sustainable transit. We develop innovations to create impact for our customers. We make real-world technology that works for everyone.

## 1.1

# Company profile

- **Internationally operating technology company**
- **Technologies for the real world that work for everyone**
- **Bringing together the digital and physical worlds to benefit customers and society**

Siemens is a technology company that is active in nearly all countries of the world, standing for technical performance, innovation, quality, reliability, and international engagement since being founded in 1847. Siemens focuses on the areas of automation and digitalization in the process and manufacturing industries, intelligent infrastructure for buildings and distributed energy systems, smart mobility solutions for rail and road and medical technology and digital healthcare services.

Siemens comprises Siemens Aktiengesellschaft (Siemens AG), a stock corporation under the Federal laws of Germany, as the parent company and its subsidiaries. Our Company is incorporated in Germany, with our corporate headquarters situated in Munich. As of September 30, 2020, Siemens had around 293,000 employees. As of September 30, 2020, Siemens has the following reportable segments: Digital Industries, Smart Infrastructure, Mobility and

Siemens Healthineers, which together form our “Industrial Businesses” and Siemens Financial Services (SFS), which supports the activities of our Industrial Businesses and also conducts its own business with external customers. Furthermore, we report results for Portfolio Companies, which comprise businesses that are managed separately to improve their performance.

During fiscal 2020, the energy business, consisting of the former reportable segment Gas and Power and the approximately 67% stake held by Siemens in Siemens Gamesa Renewable Energy, S. A. (SGRE) – also a former reportable segment – was classified as held for disposal and discontinued operations. Siemens transferred the energy business into a new company, Siemens Energy AG, and in September 2020 listed it on the stock market via a spin-off. Siemens Advanta, formerly Siemens IoT Services, is a strategic advisor and implementation partner in digital transformation and industrial internet of things (IIoT).

As a result, all key figures in this report are shown without Siemens Energy, unless otherwise noted. The previous year’s figures of Siemens AG were calculated on comparable basis for all periods presented.

➤ [ANNUAL REPORT, CHAPTER A.1 ORGANIZATION OF THE SIEMENS GROUP](#) and ➤ [BASIS OF PRESENTATION](#).

As a technology company, we support our customers in their industry – both today and tomorrow  
continuing operations



**293,000**

Employees



**€57.1 billion**

Revenue



**€4.3 billion**

Net income



**14.3%**

adjusted EBITA  
margin for the  
Industrial Businesses

### Our company setup

Our company setup comprises Businesses, Countries, and Service & Governance. Our Countries are empowered to serve our customers, to create market opportunities, and to drive growth in the most efficient setup. Siemens acts as one company in every Country, with close collaboration between the Businesses. Our Service & Governance units

innovate, design, transform, and efficiently operate business services for Siemens and external customers. They provide a lean, simplified, and robust governance.

In fiscal 2020, which ended on September 30, 2020, Siemens generated revenue of €57.1 billion and net income from continuing operations of €4.3 billion.

## 1.2

# Vision 2020+ strategy

- **Vision 2020+ to shape the next-generation Siemens**
- **Response to the challenges of the future**
- **Seven goals for the implementation of Vision 2020+**

Vision 2020+ is our strategy to shape the next-generation Siemens. We are setting the course for long-term value creation through accelerated growth and stronger profitability with a simplified company structure. The main aim is to give Siemens' individual businesses significantly more entrepreneurial freedom under the strong Siemens brand to sharpen their focus on their respective markets.

**"I will not sell the future for instant profit!"**

Werner von Siemens

## Our culture

Underlying Siemens' strategy is our culture, our values, and what we stand for – in other words, how we achieve sustainable success. More information:

[➤ WORKING AT SIEMENS](#)

## Our goals

We have set seven goals for the implementation of Vision 2020+. Clear and measurable key performance indicators have been defined to measure our success. We will regularly report on our progress.

1. **Grow company value** – We are creating the conditions to raise the bar for sustainable value creation and profitability. In the medium term, we want to lift our industrial margin level by two percentage points. And we expect earnings per share (EPS) to grow faster than revenue.
2. **Sharpen business focus in E-A-D** – Our intent is to sharpen our business focus in electrification, automation, and digitalization. We are enabling our businesses to focus clearly on their particular markets and customers and to adapt quickly and specifically to changes.
3. **Be a partner of choice for our customers** – We want to be a company that is obsessed with offering our customers a better experience every time we interact with them. Customer satisfaction is our priority. Our goal is to improve our customer satisfaction index by a further 20 % at least.
4. **Get closer to our markets** – The trend toward more localization is accelerating in our markets. We will further align our global footprint with the requirements of our markets, aiming for a significant share of our businesses to be headquartered outside Germany.

5. **Live lean governance and drive continuous optimization** – Siemens companies will be supported by a lean but robust governance and an effective, impact-focused support structure. We want to significantly improve the efficiency of our support functions and services.
6. **Be an employer of choice** – Highly engaged, motivated, and capable people are the foundation of our success. We want to continuously improve the attractiveness of Siemens as an employer and use our employee satisfaction index to measure it.
7. **Ignite pride and passion for Siemens through ownership culture** – The elements and the power of our ownership culture are a unifying force within our company. We strive to further improve in the important aspects of leadership, openness, diversity, and innovation and will cover this in our employee surveys.

### Our path

We are on the path to take Siemens to the next level. We have set clear milestones for the implementation of Vision 2020+: Focus – Putting focus ahead of scale effects. Transformation – Anticipating markets and trends. Ultimate value creation – Leading in all businesses and shaping the transformation.

[☐ MORE INFORMATION](#)

[☐ SIEMENS COMPANY PRESENTATION](#)

## Sustainability at Siemens follows our company values

In light of the greatest challenges facing the world today – globalization, urbanization, demographic change, climate change, and digital transformation – sustainability is an integral part of our mission at Siemens. Our sustainability initiatives are therefore an essential aspect of successfully implementing Siemens strategy “Vision 2020+”.



### Sustainability is firmly anchored in the Vision 2020+ strategy program

Our understanding of sustainability is based on our company values: responsible, excellent, innovative. At Siemens, we define sustainable development as the means to achieve profitable and long-term growth. As a result, we are committed to thinking and acting in the interest of future generations by striking a balance between people, planet, and profit. In doing so, we align ourselves with the goals of the UN's 2030 Agenda for Sustainable Development while striving to balance people, the environment, and profit.



## 1.3

# Sustainable development of societies

- **SDGs clustered according to six globally valid areas of impact**
  - **Effective influences to achieve the SDGs**
  - **Measurement of our contribution with Business-to-Society® methodology (B2S)**
- through our expertise and thought leadership, and
- through our corporate citizenship activities and community engagement.

The 17 Sustainable Development Goals (SDGs) and the 169 targets are a yardstick for the joint efforts to effect change that governments, companies, cities, and civil society as a whole must make if we are to achieve a more sustainable future. The SDGs and their related targets address the most important economic, social, environmental, and governance-related challenges of our times and stimulate transformational change.

The long-term priorities for Siemens as part of the new sustainable development agenda are clear: We want to use our ingenuity to improve quality of life and protect the planet. The UN's 17 SDGs are tangible and permanent fixtures of our everyday business. As a global industrial conglomerate with businesses along the energy value chain and in the healthcare sector, Siemens is in a unique position to touch on substantial business opportunities from several trillion euros' worth of investment needed to drive the UN Agenda 2030 toward the SDGs and related targets. We have an impact on most of the SDGs in four important ways:

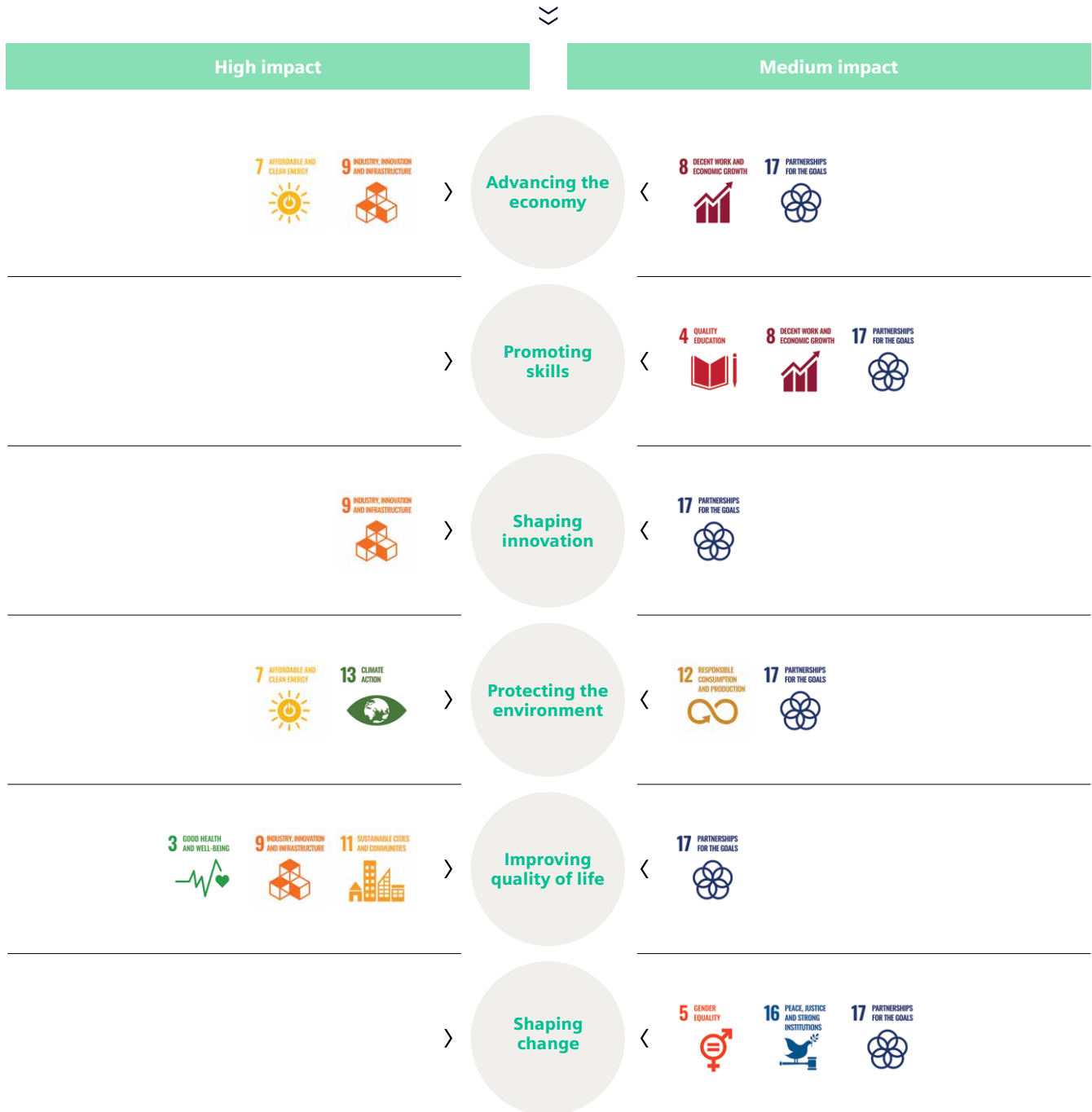
- through our products and solutions,
- by responsibly operating our business,

Nevertheless, the impact we have on the SDGs varies significantly. Therefore, we have clustered them into three categories: high, medium, and low impact. For the most part, SDGs we consider ourselves to have a high impact on are strongly correlated to our products and solutions, often in combination with our thought leadership initiatives in collaboration with partners around the world.

Medium-impact SDGs are mainly "enablers" in relation to responsible business practices, including the area of human rights, as well as compliance and supply chain management. Still others are impacted by our corporate citizenship and community engagement activities. SDGs on which we have a low impact are touched selectively by some parts of our business or indirectly via our customer industries. However, they may be rated differently according to the specific business or country.

We have sorted the SDGs into six global areas of impact, which include strengthening the economy, developing local jobs and skills, driving innovation, sustaining the environment, improving quality of life, and shaping societal transformation.

Sustainable Development Goals (SDG)<sup>1</sup> sorted according to Business to Society® areas of impact



<sup>1</sup> UN Transforming our world: the 2030 Agenda for Sustainable Development.

## High impact

These are the SDGs rated high impact by Siemens from a global perspective:



**Goal 3 – Ensure healthy lives and promote well-being for all at all ages**

We impact SDG 3 through our business portfolio, be it by Siemens Healthineers or via the production technology we provide to pharmaceutical companies. In addition to the impact of our portfolio, we also care about the health and safety of our employees and contractors, and we participate in health-related community engagement activities, such as cancer awareness campaigns and mobile clinics.



**Goal 7 – Ensure access to affordable, reliable, sustainable, and modern energy for all**

We impact SDG 7 with our business portfolio covering the entire spectrum of modern smart grids and energy distribution systems. The rapid expansion of decentralized energy structures powered by Siemens technology creates a more diverse energy mix and improves the security of energy supplies. The Internet of Energy and data-based technologies foster energy intelligence and lead the way toward a sustainable energy landscape. Our technologies facilitate access to clean, reliable, and low-carbon energy, helping customers across various industries permanently improve energy efficiency with a positive business case. We also strive for energy efficiency within the company, too, not least through our CO<sub>2</sub> neutrality program.



**Goal 9 – Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation**

We impact SDG 9 as a technological company and innovation leader in electrification, automation, and digitalization. Siemens supports sustainable industrialization, helping our business partners via engineering, domain, and digital know-how across the entire value chain, from design to production, and from operations to maintenance. A large portion of our customers and suppliers are small and medium-sized enterprises (SMEs). We believe in international partnerships as key to innovations that make real what matters.



**Goal 11 – Make cities and human settlements inclusive, safe, resilient, and sustainable**

Siemens is a trusted partner to city authorities, offering solutions across many infrastructure domains to make cities more efficient, sustainable, and resilient: for example, by means of intelligent transportation solutions, efficient and safe buildings, and smart city initiatives leveraging the power of digitalization.



**Goal 13 – Take urgent action to combat climate change and its impacts**

Siemens is the first global industrial player that set itself the target of becoming CO<sub>2</sub>-neutral in all of its operations by 2030. The company is thus underlining the need for businesses to lead by example and contribute to decarbonizing the economy in this century – as set out in the Paris Agreement. With our technologies, we help customers across various industries permanently improve energy efficiency and reduce CO<sub>2</sub> emissions with a positive business case.

**Medium impact**

These are the SDGs rated medium impact by Siemens from a global perspective:



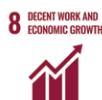
**Goal 4 – Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

Siemens believes that lifelong learning is key to securing employability for our own employees and beyond. We impact SDG 4 by providing access to education in multiple ways, including learning and education opportunities for all employees as well as vocational education and training, delivered in partnership with schools and colleges. In addition, training of customers and suppliers is high on our agenda. We also aim to inspire young people to pursue careers in science, technology, engineering, and mathematics (STEM) via numerous corporate citizenship engagements around the world.



**Goal 5 – Achieve gender equality and empower all women and girls**

Our main impact on SDG 5 is through the way we manage our own workforce. We believe that driving diversity creates a win-win for society and Siemens because diversity strengthens our innovative capacity, unleashes the potential of our employees, and thereby directly contributes to business success. We also drive change in senior management, where there is potential for improvement, by recruiting more women into top positions, network activities, training, and mentoring.



**Goal 8 – Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all**

As a thought leader, Siemens directly impacts SDG 8 through its global operations that contribute to Gross Domestic Product (GDP) development in many countries, through our commitment to providing decent jobs and enabling employment, and by driving the decoupling of economic growth from energy usage.



**Goal 12 – Ensure sustainable consumption and production patterns**

Siemens is committed to responsibly using resources and acknowledges the opportunities of the circular economy as highly beneficial for business, environment, and society. While having established global strategic initiatives for the design phase and the end-of-life phase of our products and operations, Siemens businesses use disruptive technologies and innovative business models to take part in the circular advantage. Our sustainability initiatives are an essential aspect of successfully implementing our company concept Vision 2020+, which builds upon our strategy program Vision 2020. Our understanding of sustainability is fully based on our company values – responsible, excellent, and innovative.



**Goal 16 – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels**

We contribute to SDG 16 by anchoring integrity and compliance in our entire company and by driving the Siemens Integrity Initiative with external stakeholders. By these means and through our activities with other players, we support fair competition and secure the long-term success of our company. Siemens is committed to propagating the requirements of the

United Nations Global Compact (UNGC) the Human Rights Declaration, and all other relevant regulations into our supply chain and through our collaborations with external organizations and institutions.



### Goal 17 – Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

As a global company and advocate of free trade, we believe partnerships are key to sustainable development and to our company success. In addition, we recognize the importance of digitalization, financing, and public-private partnerships for sustainable development. In all of these areas, we are partnering with international organizations, business organizations, think tanks, non-governmental organizations (NGOs), and academia, including the UNGC, World Economic Forum (WEF), econsense, Transparency International, and numerous universities.

### Business to Society® – measuring our social impact

We believe that companies need to evaluate their impact on sustainable development from various perspectives. That is why we have developed our Business to Society® (B2S) methodology to measure our economic and social impact. The methodology is based on the Measuring Impact Framework published by the World Business Council for Sustainable Development (WBCSD) and allows us to measure in quantitative terms the social impact of our activities in six different action zones: advancing the economy, promoting skills and jobs, driving innovation, protecting the environment, improving quality of life, and shaping social change. Not only that, we can also provide an objective assessment of the effects of our projects, locations, and business, including activities in differ-

ent countries and their societies. These assessments were based on meetings with numerous stakeholders, including representatives from our customers, governments, academic institutions, NGOs, and suppliers. Launched as a pilot project in fiscal 2015, and in the process of being rolled out globally since, the B2S approach consists of four steps:

- Adopting an “outside-in” perspective on the most relevant development priorities in a given context (such as global, national, project)
- Identifying and measuring our contribution in the priority areas
- Defining strategic actions to enhance our contributions and help shape further development
- Being transparent about our contributions by keeping external and internal stakeholders informed

By the end of fiscal 2020, over 35 countries had finished their analysis. In addition, we continued to update our global methodology in the Business to Society® approach. We are being recognized globally as a thought leader with this approach. Customers and governments appreciate the information it provides, for example in the course of large infrastructure projects. Employee feedback on social media posts indicates that our contribution to societies makes our employees proud to work for Siemens. Hence, transparently contributing to society provides tangible business value to Siemens. In fiscal 2021, we will continue to apply the methodology within customer projects and tenders. We drive the communication of our impact on sustainable development and the resulting value for all stakeholders internally and externally. Further information on Business to Society® is available at

[MORE INFORMATION](#)

# Our key areas of impact

Creating value for our stakeholders in fiscal 2020: selected highlights of Siemens' global impact through its six Business to Society® action pillars. Further information on data gathering can be found in the [REPORTING METHOD SECTION](#)

## 1 Strengthening the economy



### Economic value:

Contributing to **€281 billion** of gross domestic product creation<sup>1</sup>; **€57.1 billion** in revenue; operating in **~200** countries



### Financing:

**SFS** – With more than **2,800** Siemens Financial Service experts, SFS helps to enable projects mainly in the area of infrastructure and technology for approximately **284,000** customers around the world through financing solutions totaling **€28.9 billion** (as of end of fiscal 2020)

## 2 Developing competences



### Global employment:

Siemens enabled **5 million jobs**<sup>1</sup>, therein **2.6 million** in developing and emerging economies; **293,000** Siemens employees; **~25,200** new recruits



### Education and training:

Around **6,800** apprentices and dual students worldwide, **€321 million** invested in education and training, therein **€162 million** in training. This amounts to an average of **€551** and **17 hours** of training per employee



### Attractive jobs:

More than **102,000** employees<sup>2</sup> took part in the Siemens Share Program in 2020 and, as shareholders, are co-owners. Personnel expenses for wages and salaries: **€20.1 billion**; pension contributions of approximately **€4.8 billion**<sup>3</sup>



### Diversity:

**26.2%** of the Siemens workforce is female; **18.4%** of management positions are held by women; **168** nationalities; more than **170,000** employees have already completed the unconscious bias training; the Ability@Siemens initiative promotes a culture of integration for more than **5,300** people with disabilities

<sup>1</sup> In fiscal 2019.

<sup>2</sup> Without Siemens Healthineers.

<sup>3</sup> Contributions to defined benefit plans (including Siemens Energy), defined, contribution and state plans

## 3 Driving innovations



### Ingenuity:

**€4.6 billion** in research and development (R&D) expenses, **41,000** R&D employees, R&D intensity **8.1%**, **42,900** patents granted



### Setting up innovation networks:

Siemens' global venture unit, next47, provides capital to help start-ups



### Digital transformation:

**DI** – Digital solutions boost cost efficiency and productivity among our customers; for example, using simulation software when developing autonomous vehicles saves billions of miles of test driving on the road; Charter of Trust – joint initiative between Siemens and companies all over the world geared toward creating a more secure digital world



### University partnerships:

Eight Centers of Knowledge Interchange (CKIs) at leading universities worldwide



## 4 Sustaining the environment



### Decarbonizing society:

Environmental Portfolio achieves **149.6 million** metric tons of CO<sub>2</sub> savings at customers



### Efficiency in consumption:

SI – Guaranteed reduction in utility costs of **€3.5 billion** (1995–2044) for our customers. The cost reductions guaranteed up until now have already been exceeded by **23%**



### CO<sub>2</sub>-footprint:

– **54%** Scope 1 and 2 CO<sub>2</sub> emissions since 2014, **>70%** of total energy consumption through green energy



### Circular economy:

**93%** share of recycling and recovery in total waste; percentage of revenue covered by life cycle assessments and environmental product declarations: full-scale LCAs **70%**, screening LCAs **60%**, EPDs **71%**

## 5 Improving quality of life



### Health:

**SHS** – Access to healthcare in underserved countries through **147 million** patient touchpoints; improved clinical decision-making through **62** AI-supported product offerings



### Mobility:

**MO** – Providing mobility solutions that enable safe, reliable, clean, seamless, and affordable public transportation to move people sustainably from the first mile to the last



### Security:

SI – security solutions protect people and materials, boost operating efficiency, safeguard business operations, and ensure compliance



### Occupational health and safety:

**46** countries receive Healthy@Siemens award for a healthy working environment; **21%** year-on-year reduction in employee accident rate; quick, effective, and targeted response to COVID-19 pandemic tailored to local situations (to guarantee employee health and safety)



### “New normal”:

Hybrid working model for **140,000** employees at **125** locations in **43** countries

## 6 Shaping societal transformation



### Supply chain management:

Clear commitment from **~65,000** suppliers to the Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries, **269** external sustainability audits performed



### Integrity:

**77** projects as part of the Siemens Integrity Initiative to combat corruption and fraud in more than **40** countries with U.S.\$**98.5 million** in funding; new global online training course for the Business Conduct Guidelines already completed by over **165,000** employees



### Human rights:

AI-based risk due diligence tool ESG Radar introduced



### Social responsibility:

**€33.7 million** in donations, of which more than **€15 million** for measures to combat the COVID-19 pandemic



### Siemens Stiftung:

Established in 2008, the foundation promotes technical solutions and social initiatives. The foundation has reached around **1.4 million** students with its Experimento STEM program, and since April 2019 has supplied upward of **2.6 million** liters of drinking water to rural areas in Africa



## 1.5

## Customers

- **Key Account Management: a holistic approach to the customer**
- **Intensive customer dialogue through Customer Value Co-Creation**
- **Regular measurement of customer satisfaction**

Putting customers first has a long tradition at Siemens. Our customers are always at the center of our thinking and actions with regard to technology, innovation, and sustainability.

We provide products, solutions, and services in almost every country in the world. To meet our customers' needs and the constantly changing demands of the markets, Siemens draws on a global sales force that receives orientation from our regional companies. Key success factors here are a strong customer focus, digitalization, efficient and lean processes, as well as cooperation with external partners.

Our regional teams can also call upon our global network of partners, which includes consultants, distributors, integrators, technical procurement experts, construction companies, and machine builders. This approach allows us to do an even better job of rising to the dynamic challenges of the markets and our customers.

Along with our suppliers, partners, investors, and employees, we count our customers among our most important stakeholders. We engage in critical dialogue and exchange with them, answer their questions, and encourage discussion. That helps us better understand our stakeholders' expectations and take appropriate

measures, making it possible to strengthen partnerships while maintaining and enhancing trust.

With our portfolio – which primarily covers the fields of automation and digitalization in the process and manufacturing industries, as well as intelligent infrastructure for buildings and energy systems, mobility solutions for rail and road transport, and medical technology for the healthcare sector – we have a high and medium impact on numerous SDGs: SDG 3 – Good Health and Well-Being; SDG 7 – Affordable and Clean Energy; SDG 8 – Decent Work and Economic Growth; SDG 9 – Industry, Innovation and Infrastructure; SDG 11 – Sustainable Cities and Communities; SDG 12 – Responsible Consumption and Production; and SDG 13 – Climate Action.

Through our global positioning, we aim to ensure our ability to reliably serve our customers in the long term. In addition, we develop new initiatives to leverage synergies with customers, suppliers, and other partners for the creation of products and solutions, thereby promoting sustainable and profitable growth through long-lasting partnerships.

### Customer Value Co-Creation creates synergies and intensifies customer dialogue

In the digital age, customers, suppliers, and partners along the entire value chain face a high degree of uncertainty. Questions such as “How can we create business value from digital technologies?” or “Will new digital players attack my core business and with whom to partner?” play an increasingly important role.



To help our customers answer these questions, Siemens has set up a comprehensive framework that provides methods and tools for the long-term, co-creative development of high-tech solutions and new digital business models.

Listening closely to customers, understanding their challenges better, and anticipating their needs in order to explore new paths with them, develop a strategy, or implement innovative business models is at the heart of this structured approach.

The Customer Value Co-Creation (CVCC) framework from Siemens makes it possible to integrate customers and stakeholders throughout the whole co-creation process:

- Five CVCC modules cover the process, from the development of initial ideas to the implementation on an industrial scale.
- The particular sustainability of the approach lies in the integration of different perspectives by applying innovative design thinking principles.
- For the close collaboration with customers in the regional units, a new compact format known as “Value Hacker” has been created. At workshops, we join forces with our customers to identify the most promising fields of action for innovation. Using the “Double Diamond” design process model, we first define the challenges before consulting with our customers to develop innovative and sustainable win-win solutions.

The CVCC framework, with its extensive set of methods, supports joint ideation. The spectrum of customer projects ranges from fish farms in Scandinavia to the aerospace industry in the United Arab Emirates.

Both the CVCC framework and the Value Hacker workshops encourage systematic customer integration throughout the innovation process. Furthermore, they increase customer satisfaction through the joint

development of creative solutions for complex challenges that meet individual customer needs.

### Key Account Management: a holistic approach to meeting customer needs

Throughout the company, we pursue a standardized and coordinated customer approach with the aim of establishing, developing, and maintaining successful business relationships with the company's key customers that are advantageous for both sides.



**We have a Key Account Management system in place for our top customers**

The main principle for successful Key Account Management (KAM) is collaboration between all customer-facing partners – beyond functional, organizational, and regional boundaries. Through harmonized processes, Key Account Management helps us to act as one company and to serve our customers in a globally and sustainably coordinated approach.

Our main goal is to establish ourselves as the partner of choice for our customers by fostering close and trusted partnerships. We aim to solidify long-term customer loyalty. Not only do loyal customers keep buying and even increasing their purchases, but they are also likely to recommend Siemens to peers, partners, and associates.

However, our approach has to adapt to a world where change itself is accelerating:

- Growth markets can be volatile.
- Innovation and development cycles have been drastically shortened.
- Reduced barriers to entry are admitting nimble new competitors.
- Digitalization can be disruptive, but it also offers new business opportunities.

- Moreover, digitalization has sparked wholesale operational changes – including lean management and agile software development, to name just two examples.
- Data-driven business models and technology-based services are flourishing.

To meet these challenges, we have implemented a [sales excellence work stream](#) as part of our operating model, which is designed to make the company more adaptable and flexible, putting us in a better position to adjust to constant shifts in the business environment. That helps us do several things:

- Define a strong sales vision and key messages
- Use cutting-edge sales methods to streamline and optimize sales tools and processes
- Increasingly focus on sales within digital-service and software-driven business models

The operating model represents an important element of Vision 2020+ and beyond, our strategic plan that aims to generate profitable growth through reliable customer relations and innovation in three core areas: electrification, automation, and digitalization.

What is more, we regularly measure customer satisfaction – and, by extension, the quality of our partnerships – using the net promoter score (NPS). This systematic evaluation is based on comprehensive annual customer satisfaction surveys.

The score is based on a single question: “How likely is it that you would recommend Siemens to a colleague or business partner?”

The survey pursues a holistic approach to customer relations that includes following up through the implementation of processes and systems designed to help foster long-term customer loyalty.<sup>1</sup>

Regardless of the score, we initiate a follow-up process, both internally and externally. When a score is low and considered critical, we take immediate action to identify key issues and determine what measures need to be taken to improve the relationship.

In response to areas with potential for improvement, the relevant business units and regional entities establish measures for improvement that are reviewed on a regular basis. By making these adjustments, we aim to improve our customer relations and make Siemens the partner of choice for all our customers.

Given the development of the COVID-19 pandemic worldwide, which varies from country to country, Siemens AG decided not to conduct the NPS survey in fiscal 2020. However, we remain just as focused on our customers. Smooth service, support, and customer proximity are our top priorities, even in this difficult environment. Both management and staff embody this philosophy day in and day out. Gauging customer satisfaction by way of the NPS continues to be of great importance to Siemens AG, and plans to conduct the survey during the next fiscal year are already underway.

We intend to intensify our endeavors in the realm of customer satisfaction to seize new business opportunities, grow our existing business, and tap into new areas.

Specifically, we plan to transform our current customer relationship management strategy into one based on customer life cycle management in the near future. This will place the customer journey, with its digital and non-digital touchpoints, at the center of how we think and act.<sup>2</sup>

<sup>1</sup> In most cases, the survey questions focus on business unit (BU) level. However, the overall score can be aggregated up to business level, as well as to the level of Siemens overall.

<sup>2</sup> A “customer journey” is defined as the entire sum of experiences that a customer has when interacting with a company and its brand(s).

## 1.6

# Research and development

- **Innovation with benefit for all people**
- **Focus on key technologies and innovation areas**
- **Collaboration with partners as enabler**

Our company purpose is defined as our aspiration to provide innovations that improve quality of life and create value for people all over the world, thus contributing to the Sustainable Development Goals SDG 3 – Good Health and Well-Being, SDG 7 – Affordable and Clean Energy, SDG 9 – Industry, Innovation and Infrastructure, SDG 11 – Sustainable Cities and Communities, as well as SDG 13 – Climate Action. With this, we make real what matters.

## Innovation strengthens Siemens and its customers

Our research and development (R&D) activities are ultimately geared toward developing innovative, sustainable solutions for our customers – and Siemens businesses – and simultaneously safeguarding our competitiveness. In this document, we focus on central technology and innovations fields – **Company Core Technologies (CCT)** – that play an essential role in the success of Siemens and our customers. The joint implementation of CCT by the company's operative units and Corporate Technology ensures that research activities and business strategies are carefully coordinated, and that all units can profit both equally and quickly from technological developments. In fiscal 2020, the company continuously focused on the following CCTs:

→ **Power electronics** for inverters have always played a major role in industry. As the amount of

electricity produced by renewable energy sources grows, power grids will depend on advances in power electronics to facilitate stable operations.

- Large, economically sustainable **energy storage systems** are essential to the energy transition. In particular, durable high-performance batteries will play a major role.
- **Decentralized energy systems** intelligently link local energy production with usage and intermediate storage. In doing so, they will create a path that leads to more stable and lower-priced power supplies.
- Switching devices and other equipment will profit from innovative **materials** that will boost the efficiency of switching devices.
- **Additive manufacturing processes** facilitate the flexible production of components that have completely new topologies and have considerable less weight and require less material, for example. Siemens develops the required software tools, which are used by many customers. One example are digital spare parts that are printed on demand. This is already used in the train business.
- We are shaping the **future of automation**. Our goal is to reduce the resources needed for engineering, to increase flexibility – through the integration of autonomously acting production machines, for instance – and to improve our customers' productivity. **Advanced robotics** plays a key role, particularly in the area of manufacturing.
- Future **mobility systems** will increasingly be electrified and connected. We are working on the development of a national charging infrastructure and the digitally supported integration and management of multimodal transportation systems.

- **The Industrial Internet of Things (IIoT)** is being developed through the increasing connection of field devices. This work enables field devices to be equipped with additional software-based functions during ongoing operations, makes it possible for data produced by the devices to be evaluated in the field or in the cloud, and facilitates the development of new operational and business models in such areas as predictive remote maintenance. With MindSphere, we offer an open, cloud-based operating system for the IIoT.
- Industrial plants and infrastructures are generating a growing amount of data. With the help of **data analysis** and **artificial intelligence**, we help operators of plants increase availability, improve operational quality, and minimize the stress placed on humans and the environment.
- **Digital twins** involve the modeling and simulation of systems and processes, including the development and manufacture of products. The digital twin is a key way to do such things as accelerate the commissioning of manufacturing plants, speed up the introduction of products to the market, and optimize operation of infrastructures throughout their life cycle.
- **Industrial cybersecurity** is a key technology for digitalization. The security for industrial facilities and the protection of data and intellectual property are important requirements not only for customers, but also for governments and societies. These requirements must be fulfilled.
- **Blockchain** technology enables transactions between equal partners to be documented in a tamper-proof and transparent manner. For industry, this technology also offers interesting applications that should be put to the test.
- Complex, massively distributed industrial software systems that integrate the software of various providers can be developed only by using **new methods and processes in software system development**.

### Continuous investment in R&D

In fiscal 2020, we reported R&D expenses of €4.6 billion, compared to €4.7 billion in fiscal 2019. The resulting

R&D intensity, defined as the ratio of R&D expenses to revenue, was 8.1% compared to an R&D intensity of 8.0% in fiscal 2019. Additions to capitalized development expenses amounted like in last year to €0.4 billion in fiscal 2020. The last fiscal year saw the change of the counting method for patents from legal duration to economic relevance for Siemens AG. As of September 30, 2020, Siemens held approximately 42,900 granted patents worldwide in its continuing operations. The previous year we held approximately 42,400 granted patents. On average, we had 41,000 R&D employees in fiscal 2020.



**€4.6 billion**  
R&D expenses (fiscal 2020)

We are further developing technologies through our open innovation concept. This was strengthened in 2020 by the launch of the Siemens Innovation Ecosystem. It enables a large number of teams to collaborate globally in a network of knowledge and inspiration. The Siemens Innovation Ecosystem consists of an internal as well as an external working space in which partners, customers, suppliers, universities, and other experts can work jointly.

We are working closely with scholars from leading universities and research institutions, not only under bilateral research cooperation agreements, but also in publicly funded collective research projects. Our focus here is on our strategic research partners, especially the eight Centers of Knowledge Interchange we maintain at leading universities worldwide.

Siemens' global venture unit, Next47, provides capital to help start-ups expand and scale. It serves as the creator of next-generation businesses for Siemens by investing in and partnering with start-ups at any stage. Next47 is focused on anticipating how technologies will impact our end markets. This knowledge enables Siemens and Siemens' customers to grow and thrive in the age of digitalization.

➤ [CHAPTER R&D WITHIN ANNUAL REPORT](#)

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# Our sustainability management

A sustainable business means for Siemens ensuring profitable and long-term growth while balancing profit, people, and planet. We believe that the SDGs are a responsibility, but they also offer new business opportunities for Siemens.

Integrating the perspective of Siemens' contribution to the SDGs enriches the assessment of the most important issues and facilitates a well-informed materiality process. Close collaboration with stakeholders helps us to address complex and intertwined challenges in the sustainability realm. Our engagement is recognized in various ratings and rankings.

## 2.1

## Materiality assessment

- **Twelve principles as guidance for sustainability**
- **Materiality assessment based on external frameworks and dialogue with our stakeholders**
- **Focus in fiscal 2020 on human rights and decarbonization**

### Material topics act as guidance

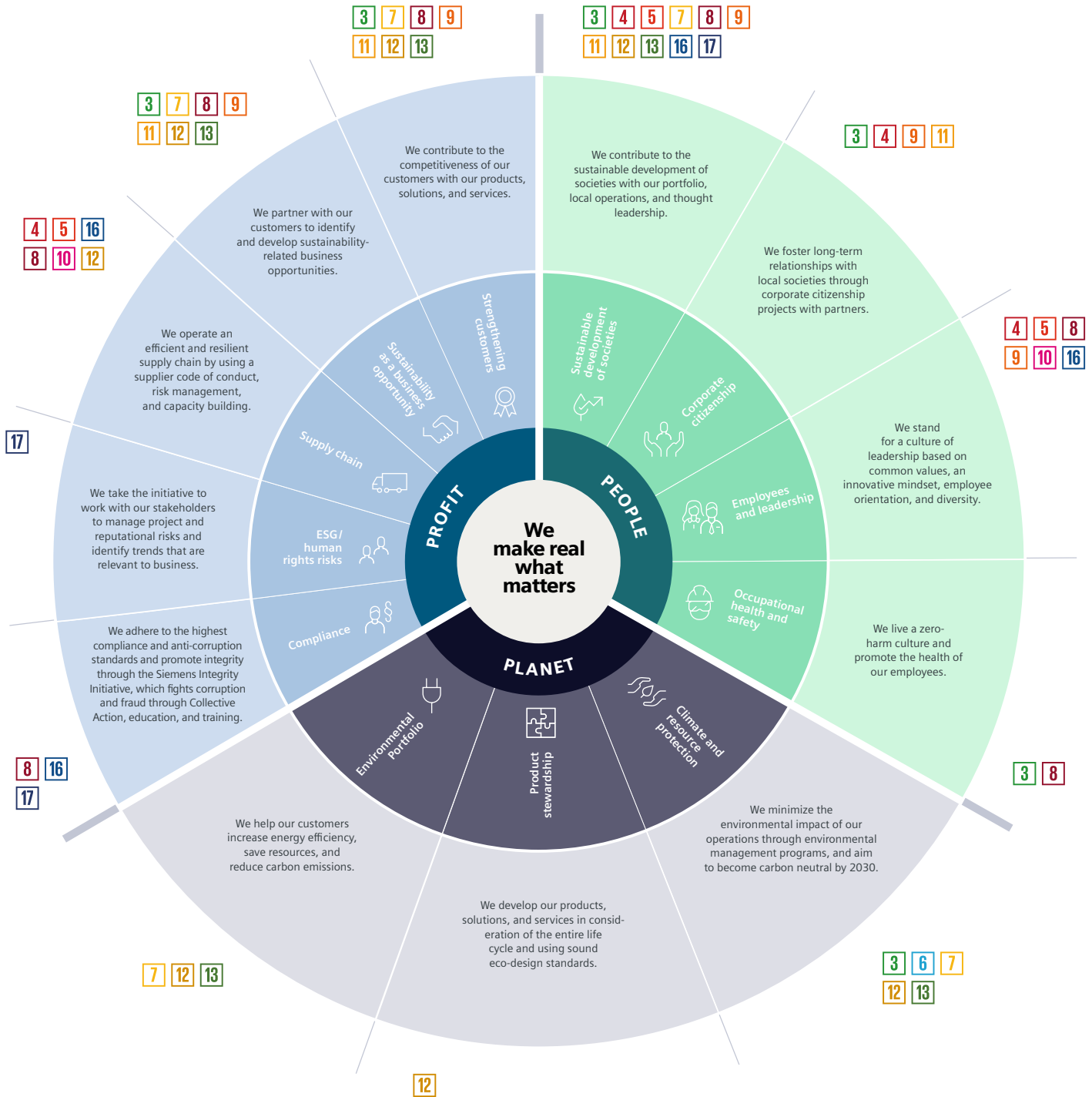
Our materiality analysis is based on external frameworks, such as the UNGC or the Global Reporting Initiative (GRI), which form the foundation for our reporting. The material topics in our report are structured according to their relevance for environmental, social, and governance (ESG) issues. Integrating the perspective of Siemens' contribution to achieving the SDGs has enriched our assessment of the most important issues for Siemens and has confirmed our findings from the previous materiality assessment. Regular dialogue with external and internal stakeholders also plays a key role in the materiality process. Here, we focus on exchanging views on relevant topics with investors, customers, suppliers, employees, communities, policy makers, media, non-governmental organizations, business associations, and academia. In the course of this assessment process, 12 principles have emerged and were prioritized in respect to their relevance for Siemens and its stakeholders. These 12 principles are clustered under three headings – profit, planet, and people – and constitute the basis for implementing sustainability within the company.

These 12 principles are the key statements that describe how we implement sustainability at Siemens at the corporate level, in our businesses, and at the regional level. The principles were discussed with our Siemens Sustainability Board (SSB) and approved by our Managing Board and Supervisory Board. The Siemens businesses derive their material fields depending on the requirements and conditions in their local markets.

Based on the materiality analysis, we focused at corporate level on two main topics in fiscal 2020:

1. Our responsibility for ensuring human rights aspects as well as social and environmental standards within our global business activities
2. Decarbonization along the value chain, including an analysis of the climate-related risks and opportunities

12 Siemens principles outline our societal impact in relation to SDGs



## 2.2

## Sustainability governance and organization

- **The Sustainability Board is the central steering committee for the continuous development of sustainability**
- **Business and country CEOs are responsible for the implementation of sustainability**
- **Integration of ESG criteria into the compensation system for members of the Managing Board and Senior Managers**

Sustainability management is a company-wide effort that is derived from our corporate purpose and is therefore at the heart of everything we do. Sustainability is firmly anchored within our organization and was made an integral element of management compensation in fiscal 2020.

### Corporate governance as a basis

The cornerstone for sustainable corporate governance is the compliance with well-accepted corporate governance principles. Siemens AG is subject to German corporate law. Therefore, it has a two-tier board structure, consisting of a Managing Board and a Supervisory Board. As the top management body, the Managing Board is committed to serving the interests of the company and achieving sustainable growth in company value. The members of the Managing Board are jointly responsible for the entire management of the company and decide on the basic issues of business policy and corporate strategy. The Supervisory Board oversees and advises the Managing Board in its management of the company's business. At regular intervals, the Supervisory Board discusses business development, planning, strategy and strategy implementation. Detailed information on the structure

and responsibilities of the Managing Board and Supervisory Board are outlined in our annual report

[➤ C4 CORPORATE GOVERNANCE](#)

### Clear organizational structure and responsibilities

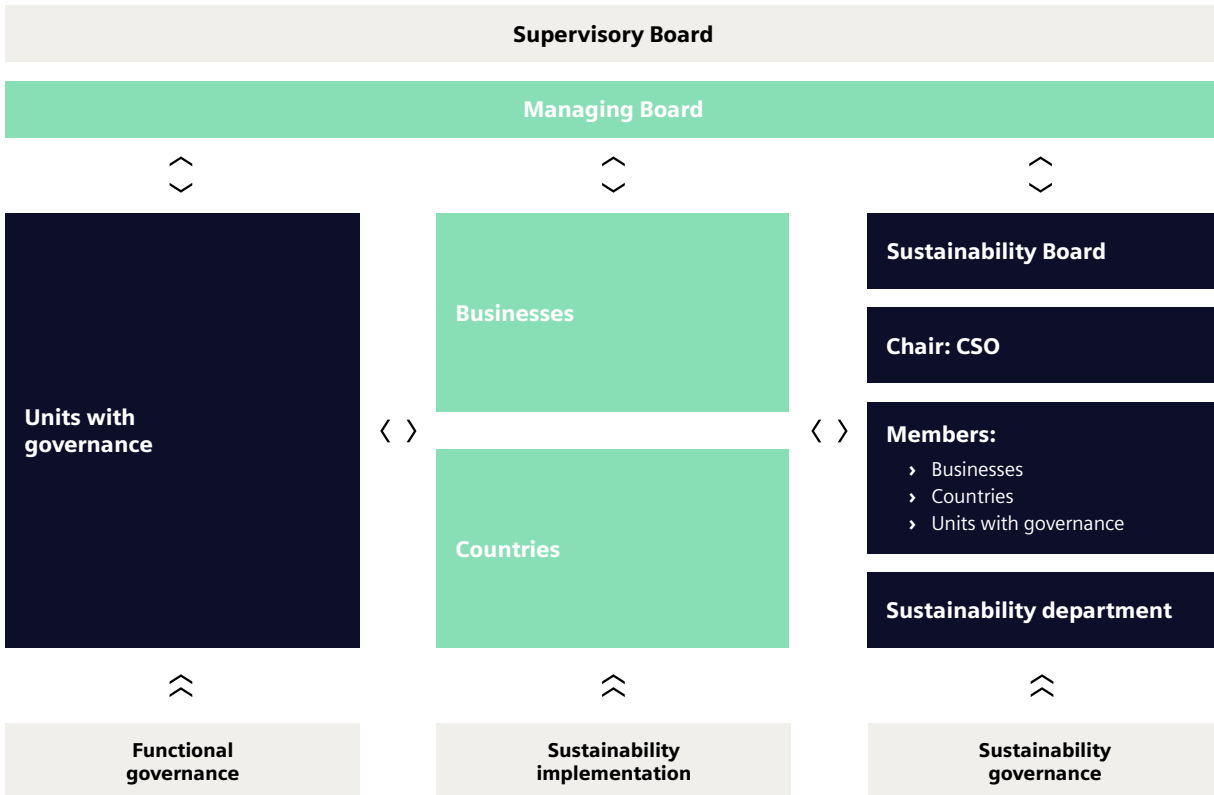
All strategic sustainability activities are overseen by our Chief Sustainability Officer (CSO). The CSO is a member of the Siemens Managing Board and chairs the SSB, which consists of representatives of the businesses, countries, and units with governance (technical and professional functions). The SSB is the central steering committee for the strategic development of sustainability at Siemens and makes decisions regarding key sustainability topics. If necessary, sustainability-related risks and opportunities of strategic and company-wide importance are decided by the Managing Board. For example, the Group-wide CO<sub>2</sub> neutral program was adopted by the Managing Board in 2015. The SSB supports the organization in taking sustainability aspects in business decisions into account. At quarterly meetings, the SSB defines and hones its focus on strategic sustainability topics, such as CO<sub>2</sub> reduction, the framework for ESG and human rights risks, and non-financial reporting, as well as rankings and ratings. The board adopts corresponding measures and initiatives or gives the Managing Board recommendations for action.

Over the course of fiscal 2020, the SSB made decisions regarding the next phase of the CO<sub>2</sub> neutral program after fiscal 2020, the introduction of an early-warning system for ESG and human rights risks, and the CO<sub>2</sub> reduction targets in the supply chain, among other things.



CEOs in businesses and lead countries are responsible for anchoring sustainability in their organizations

Overview of roles and responsibilities



The Siemens Sustainability Director heads up the Department of Sustainability and supports the CSO in performing respective duties. In this function, the Sustainability Director reports to the CSO and is a member of the SSB. The Department of Sustainability monitors trends with regard to sustainability, analyzes the potential impact on Siemens, prepares decisions for initiatives and pilot projects, provides support with their implementation, and promotes efforts by the SSB to anchor new sustainability topics within the company.

The CEOs of businesses and countries are responsible to strategically consider sustainability aspects along the entire value chain within their business activities. This means to systematically integrate both sustainability-related business opportunities and business risks in decisions, strategies, processes, and systems. In addition, they set the targets for strategic sustainability activities in their area of responsibility.

During implementation, the CEOs of the respective businesses and countries are supported by Sustainability Managers whom they appoint. These Sustainability Managers remain in close contact with their colleagues and the Department of Sustainability. They also form a network of sustainability experts with the aim of ensuring that all measures and initiatives within the units are implemented. All units with governance are additionally responsible for the company-wide implementation of sustainability aspects in their areas of responsibility. They analyze new market- and customer-specific sustainability requirements and are in charge of implementing guidelines, management systems, and strategic programs, as well as long-term targets and KPIs. Furthermore, they report on their activities in the Siemens Sustainability Information.

### **Sustainability reflected in management compensation**

The Supervisory Board approves – on the basis of a proposal by the Compensation Committee – the compensation system for Managing Board members and defines their concrete compensation in accordance with this system. After approval by the Supervisory Board, the compensation system is submitted to the Annual Shareholders' Meeting for approval [➤ ANNUAL REPORT, CHAPTER A.10 COMPENSATION REPORT](#)

In fiscal 2019, the compensation system for members of the Managing Board was reviewed in depth and further developed prior to being endorsed by a large majority of the Annual Shareholders' Meeting in February 2020. The basis for this review was the strategic realignment of Siemens under Vision 2020+, the 2019 draft version of the German Corporate Governance Code, and the draft of the act transposing the second European Shareholder Rights Directive into German law (ARUG II).

To enhance the link between compensation and the long-term development of the company, total target compensation was adjusted as part of the regular income review effective October 1, 2019, for all Managing Board members in favor of the long-term variable compensation (Siemens Stock Awards). In order to anchor ESG criteria in the compensation system, a second performance criterion for the Stock Awards was introduced in the form of a Siemens-internal ESG/sustainability index with three equally weighted indicators. This is in addition to the comparison of total shareholder return (TSR) with an international sector index (MSCI World Industrials Index). The ESG indicators reflect relevant strategic and sociopolitical topics. For Stock Awards Tranche 2020, these indicators are the reduction of CO<sub>2</sub> emissions (environment), learning hours per employee (social), and the net promoter score (NPS) for measuring customer satisfaction (governance). These criteria are applicable not just to the members of the Managing Board, but to all Senior Managers globally who are eligible for Stock Awards.

## 2.3

## Partnerships and collaborations for sustainability

- **Close network and cooperation with our stakeholders**
- **Partnerships are key to sustainable development and business success**
- **Active membership in various business associations and organizations**

As a company acting globally, we enter into partnerships on various levels with a diverse set of players. We do so in line with SDG 17, which calls for a revitalized and enhanced global partnership that brings together governments, civil society, the private sector, the United Nations, and other entities.

Close collaboration with stakeholder groups is the key to enabling us to address complex and intertwined sustainability challenges such as environmental concerns. To this end, we regularly adjust to trends and specific requirements in response to constant dialogue with investors, customers, suppliers, employees, communities, policy makers, media, non-governmental organizations, business organizations, and academia. Our management and the corresponding specific units with governance are in charge of this task. For example, overall responsibility for dialogue with policy makers lies with the Managing Board of Siemens AG. Within the business, the respective CEO is responsible for coordinated dialogue. The Managing Board has tasked the Government Affairs department with performing the necessary coordination duties and has given it the powers required to do so.

This engagement with our stakeholder groups creates value on all sides of the equation through the ex-

change of knowledge and information, as well as through creative partnerships. They help us improve business conditions and reduce both external and internal risks.

### In dialogue with politics and society

As a global company, we work with our customers to find innovative solutions to some of the most pressing issues facing the planet. Dialogue with policy makers is therefore of tremendous importance to our success as a company and within the scope of our social responsibility. We set our priorities in terms of our political activities based on our business strategies and innovation fields. Our advocacy activities focus on the following topics and policy areas, among others: cybersecurity, digitalization (including IoT and artificial intelligence, or AI), decarbonization and climate change action, R&D, and trade policy, as well as automated mobility for rail and road. We have joined forces with leading companies from around the world to establish the Charter of Trust, which aims to make the digital world safer and more secure [WWW.CHAR-TEROFTRUST.COM/](http://WWW.CHAR-TEROFTRUST.COM/). Furthermore, we support the goal of achieving a carbon-neutral Europe by 2050 – announced as part of the European Green Deal – through a variety of commitments, including our active membership in the European Alliance to Save Energy [HTTPS://EUASE.NET/](https://EUASE.NET/). Our political activities are based on defined and unwavering guiding principles.

We are politically neutral and take a zero-tolerance approach to corruption, violations of fair competition principles, and other breaches of applicable law and internal regulations. Siemens does not make political donations and contributions (donations to politicians,

political parties, or political organizations). All contributions that support purely political purposes or the representation of political interests, such as election events for political campaigns, are prohibited under our internal guidelines.

### Engagement in associations and organizations

In addition, Siemens is a member of numerous business associations and similar organizations, some of which advocate for the interests of their members in the political arena. Selected examples of the most important memberships in our three core markets (the European Union, the United States of America, and China) are: the International Chamber of Commerce (ICC), the VDMA (Verband Deutscher Maschinen- und Anlagenbau e.V.), the German Electrical and Electronic Manufacturers' Association (ZVEI), the U.S. Chamber of Commerce, and the European Chamber of Commerce in China (EUCCC). More information on political activities at Siemens can be found here:

[☐ MORE INFORMATION](#)

In addition, we work closely with the Organisation for Economic Cooperation and Development (OECD), the United Nations, the European Union, and the World Economic Forum (WEF). We are involved in various initiatives of the WEF, such as the Partnering Against Corruption Initiative (PACI).

We also cooperate with the United Nations, for example as part of our commitment to the Ten Principles of the United Nations Global Compact (UNGC). When it comes to environmental issues, we support the United Nations Framework Convention on Climate Change (UNFCCC) and the UN climate conferences, plus we are actively committed to the CEO Water Mandate. Furthermore, we have joined the Carbon Pricing Leadership Coalition of the World Bank (CPLC), and we advocate the global introduction of carbon pricing. We are additionally committed to the UNGC Women's Empowerment Principles and have signed the Diversity Charter, an initiative by the German government.

For years, we have supported One Young World, a non-profit organization that champions young business leaders around the globe in order to create a better world with more responsible, more effective leadership.

## 2.4

# Sustainability ratings reflect performance

- **Recognition of our engagement in various ratings and rankings**
- **Mean for continuous improvement of our sustainability performance**
- **Strengthening of our brand Siemens and enhancing employee satisfaction**

Our Sustainability Management is broadly recognized in various ratings and rankings. This confirms our sustainability strategy but is at the same time a mean for continuous improvement.

External ratings and rankings are an important tool to help us measure our sustainability performance both globally and within our industry. There are four reasons why ratings and rankings are important to us: Firstly, markets and customers increasingly require information from ratings and rankings and have started to include these assessments in our contractual stipulations. Secondly, investors increasingly develop their own ratings and rankings to assess the sustainability performance of companies. Thirdly, we actively participate in external ratings to benchmark ourselves against peers and competitors, to derive reasonable improvement measures, and to track important trends in the sustainability field. And fourthly, strong performances in relevant and acknowledged ratings strengthen the Siemens brand and enhance employee satisfaction.

This fiscal year, the Dow Jones Sustainability Index (DJSI) rated us as one of the most sustainable companies in our industry, and we even increased our score to 81 points. We were listed in the DJSI World Index for the 21st straight year. We are considered a global leader on corporate climate action by CDP and were rated for with an A- for fiscal 2019. The Financial Times Stock Exchange (FTSE) again included Siemens in its FTSE4Good Index series for ethical investment, while the MSCI World ESG Index included Siemens for the fifth year in a row and assessed us with an AAA. For ISSoekom we received again a prime status. Prime status recognises companies for being one of the leading companies in their respective industry.

For EcoVadis, which provides supplier sustainability ratings for global supply chains, Siemens received a rating of 61 points and reached the Silver recognition level. Here, too, we are among the top performers. Last but not least, with a score of 76 points, we are rated as a Leader in the Sustainalytics index, leading the industry and landing a position in the Top 3 on a global scale. The risk category remained at a stable medium.

# Governance

## Responsible business practices

8 DECENT WORK AND ECONOMIC GROWTH



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



Our sustainable business practices are based on integrity, fairness, transparency, and responsibility. Siemens business is clean business. We consider the respect of human rights an integral part of our responsibility as a global business. Sustainability in the supply chain requires a strong collaboration with our suppliers. The Code of Conduct for Siemens Suppliers and Business Partners is primarily based on the principles of the UN Global Compact and the International Labour Organization, but it is also reflected in our Business Conduct Guidelines. We take responsibility beyond the boundaries of our company.

## 3.1 Compliance

- **Zero-tolerance approach to breaches of applicable law and our own internal guidelines**
- **A compliance system that is global and tailored to business-specific and organizational risks**
- **We believe that a commitment to integrity means acting in accordance with our values everywhere we do business: “Responsible” – “Excellent” – “Innovative.”**

At Siemens, we take a zero-tolerance approach to corruption and other breaches of applicable law and our Business Conduct Guidelines. If these do occur, we respond consistently and vigorously. But compliance means more than just complying with laws and internal regulations. Compliance forms the basis of all our decisions and activities, and is the key to integrity in business conduct. Our premise is this: Only clean business is Siemens business. This applies worldwide and at all levels of the organization. For us, integrity means acting in accordance with our values – responsible, excellent, and innovative – wherever we do business.



### Zero-tolerance approach to breaches of applicable law and our Business Conduct Guidelines

Siemens contributes to the achievement of all of the United Nations’ Sustainable Development Goals (SDGs). SDG 16 – Peace, Justice and Strong Institutions, is a call to companies to dramatically reduce bribery and corruption in all their forms. This in turn promotes fair competition, which benefits innovation-

driven companies like Siemens. Anti-corruption measures combined with strong compliance systems protect companies, their employees, and shareholders from the risk of possible misconduct. Countries, regions, and their populations can benefit greatly from reduced corruption. Since corruption is an impediment to economic and more broadly sustainable development, efforts to eliminate it can contribute to the achievement of all SDGs.

Beyond our Company’s borders, we are committed to supporting the fight against corruption and promoting fair competition in our markets in cooperation with others in the course of our Collective Action activities. [↗ SEE ALSO FOLLOWING SECTION → “COLLECTIVE ACTION”](#). These include our commitment to the United Nations Global Compact, an initiative to encourage companies worldwide to adopt sustainable and socially responsible policies and report on their implementation. We are also involved in the World Economic Forum and its Partnering Against Corruption Initiative (PACI). In addition, we actively support the United Nations Convention against Corruption and the OECD Anti-Bribery Convention of the Organisation for Economic Cooperation and Development (OECD). The Ten Principles of the UNGC and the other initiatives provide direction for our work in this area throughout our organization.

Siemens operates in many countries – with customers from a wide range of industries operating in both the private and the public sector. As of September 30, 2020, following the Spin-Off of Siemens Energy, the company had around 293,000 employees. Our global operations are governed by numerous national

legal systems and different political, social, and cultural conditions which are constantly changing. Accordingly, the environment in which Siemens conducts its business, and thereby its compliance activities, is correspondingly complex.

### Siemens compliance system

Our Business Conduct Guidelines contain the fundamental principles and rules for our conduct within Siemens and in relation to Siemens’ customers, external partners, and the general public. They also serve as an expression of our values and form the basis for detailed internal regulations. The Business Conduct Guidelines are binding for all Siemens employees around the world.

Our compliance system is designed to ensure that our business practices worldwide comply with these guidelines and follow applicable laws. It is therefore based on the three pillars of prevent, detect, and respond, and covers the activity fields anti-corruption, anti-money laundering, antitrust, Collective Action, data privacy, export control, and human rights.

➤ [HUMAN RIGHTS CHAPTER](#) and [DATA PRIVACY CHAPTER](#)

Preventive measures include compliance risk management, the preparation of topic-specific guidelines and procedures, as well as comprehensive training of, and support for, our employees. Channels for reporting compliance violations, such as the Tell Us whistleblower system and the Ombudsperson, as well as

Siemens Compliance system





professional and fair investigations, are indispensable to recognizing and resolving matters of misconduct. Unambiguous responses and clear consequences serve to punish misconduct and eliminate weaknesses. To ensure that our compliance system is implemented around the world in accordance with our requirements, our internal audit department continuously performs compliance controls and audits.

The management responsibility for compliance is the overarching element of this compliance system. That is why the global Legal and Compliance department falls directly under the purview of the CEO. Our Chief Compliance Officer regularly reports directly to the Managing Board and Supervisory Board of Siemens AG.

The global compliance structure combines strong Group-level governance with the work of qualified compliance officers who ensure that the compliance system is implemented worldwide. They work closely with employees and managers who assume personal responsibility for compliance in their respective areas.

The entire management team is required to stand for our commitment to compliance and ensure that all business decisions and transactions that fall within their area of responsibility are conducted in conformity with the relevant legal requirements and comply with our own values and company guidelines. Siemens managers demonstrate a strong commitment to compliance. Compliance and integrity are therefore deeply anchored in our corporate culture.

We regularly conduct surveys on the subject of integrity in order to receive direct feedback from Siemens employees. The next survey is scheduled to take place in fiscal 2021.

## Compliance risk management

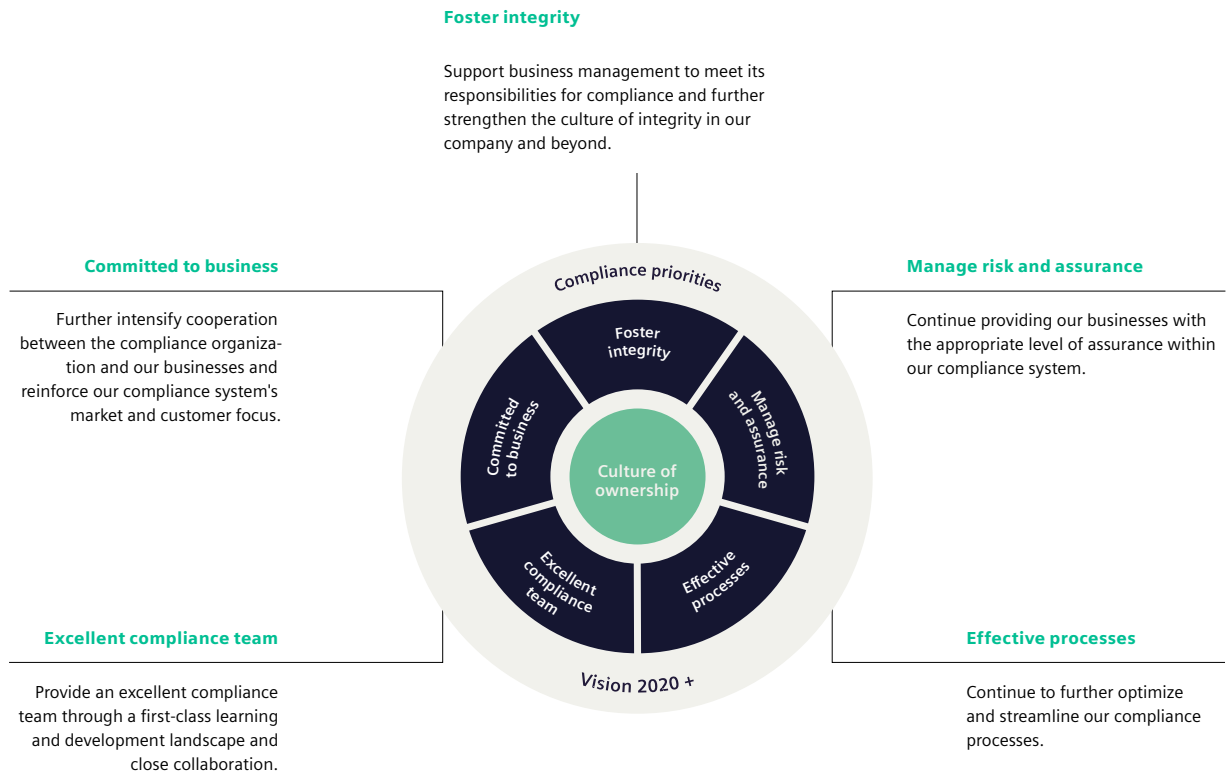
To be effective, the Siemens compliance system must continuously adapt to meet business-specific risks and multiple local legal requirements. The findings from compliance risk management, as well as compliance controls and audits, are used to derive measures to further develop the compliance system.

The aim of compliance risk management is to detect compliance risks at an early stage and derive measures to prevent or mitigate risks. The risk assessment is also integrated into individual business processes and tools in order to assess the risks for the respective business decision and to initiate appropriate measures for risk mitigation. In this way, compliance can make an important contribution to the achievement of corporate goals.

For example, the regular Compliance Risk Assessment (CRA) was conducted for all units and all regions worldwide in fiscal 2020. Risks identified during this assessment have been addressed by local and central measures.

Compliance risk management is an integral part of the company-wide Siemens Enterprise Risk Management (ERM) program [↗ ANNUAL REPORT, CHAPTER RISK IN THE SIEMENS](#), which creates further transparency throughout the identified Group-wide risks. Each entity and each region assesses its business risk in relation to compliance risks. These risks may concern anti-corruption, antitrust, export control, anti-money laundering, data privacy, and human rights, for example. In addition, current developments are systematically taken into account, such as compliance risks in connection with the coronavirus pandemic (COVID-19) or risks that may arise in connection with new digital business models or technologies.

## Compliance priorities



The risks identified in the individual Siemens units around the world are analyzed and assessed at Group level. Additional information from internal data sources is supplemented to provide a holistic compliance risk overview. In addition, the identification and monitoring of emerging or changing risks is facilitated by a cross-functional exchange at semi-annual meetings and an annual Corporate Compliance Risk Workshop. The results of the risk assessment therefore form an essential basis for the development of our compliance system.

### Compliance priorities in fiscal 2020

Our compliance priorities provide the basis for the constant development and improvement of our system. We closely monitor the continuously evolving requirements in the compliance field and strive to

fulfill them. The challenges include changes in market conditions and in the compliance risks of our business activities.

Since fiscal 2015, we have defined our long-term compliance priorities, as shown in the above diagram. These priorities were developed in accordance with Vision 2020, Siemens' strategy program, and further developed in line with the new strategic program Vision 2020+ to create reliable and long-term perspectives for the development of our compliance efforts. The priorities are supplemented by focus areas and specific activities for each fiscal year and continued to guide our work in fiscal 2020. Every compliance employee is actively encouraged and committed to contribute to the fulfillment of priorities.

## Compliance training

In order to anchor compliance and integrity in the organization, both Siemens employees and the Compliance department receive target group-oriented and risk-based training on compliance topics.

Siemens' compliance training is made up of three core aims:

1. Imparting values and raising awareness of fundamental compliance issues among all employee
2. Transferring in-depth specialist knowledge to managers and specific target group
3. Providing further materials on all relevant compliance topics

Knowledge of the compliance activity fields is for example conveyed through a mandatory web-based training on the contents of our Business Conduct Guidelines. In addition to the mandatory training courses, there are also further training materials that can be used depending on the target group and are made available on the global learning platform. In the context of the global coronavirus pandemic (COVID-19), many of the classroom training sessions were converted into virtual formats during this fiscal year in order to guarantee continuous training.



# 165,000

**employees in fiscal 2020 trained on the contents of the Business Conduct Guidelines**

The BCG training<sup>1</sup> was rolled out to around 191,000 employees around the world and successfully completed by 165,000 employees (approximately 86%) by the end of fiscal 2020.

In addition, around 276,000 target-group specific compliance trainings were completed by Siemens employees around the world in fiscal 2020.

Moreover, integrity dialogues are conducted every year. This initiative offers managers the opportunity to exchange views on current compliance issues with their teams as well as to specifically communicate and inform about selected compliance topics.

The planning and initiation of training measures takes place on the basis of regional conditions. The monitoring of mandatory trainings for the defined and regionally specified target groups is supported by a learning management system, and the implementation of the training requirements is regularly reported to the management of the respective unit.

In addition, a comprehensive train-the-trainer concept equips trainers with the educational and content-related competence for the various compliance training courses. This concept was revised this year and updated to include virtual training methods.

## Collaboration with business partners

Under certain circumstances, Siemens can be held liable for the illegal activities of specific third parties (such as business partners acting as intermediaries, resellers, consortium partners) which we refer to as business partners. Transactions with Siemens could be misused to gain undue advantages for the business partner or for Siemens.

Each Siemens unit is responsible for its own business partners. They must be carefully selected by the responsible operational unit and subjected to compliance due diligence. This must be adequately monitored throughout the business relationship; for instance, the need for the relationship and performance, taking into account remuneration, is regularly reassessed. To this end, we have established mandatory processes and related tools that are continuously being refined to cover any risks that arise. These processes support the Siemens units in the risk-based and continuous integrity checks of business partners.

<sup>1</sup> BCG training will start later for Siemens Healthineers.

Decisions on the usage of business partners are transparent and risk-oriented, and are based on the most recent compliance due diligence procedures. Appropriate remediation measures are initiated depending on the risk classification of the business relationship and any risks identified.

Both business partners and suppliers are obliged to sign a predefined code of conduct. Depending on the risk classification, audits can be carried out by the Siemens audit function or external service providers at the business partners. [➤ CHAPTER SUPPLY CHAIN](#)

### Compliance Indicators and whistleblowing

At Siemens, we offer all employees and external third parties protected reporting channels for reporting violations of external and internal rules. Reports made through these channels are forwarded to our compliance organization and monitored. Possible misconduct can also be reported directly to the compliance officers in the individual business units or to management. Our employees make use of these reporting channels regularly. In fiscal 2020, 332 compliance cases were reported which required further inquiries or investigations. We believe that the decrease in cases from 386 in 2019<sup>1</sup> is within normal fluctuation ranges, taking the COVID-19 pandemic into account. The total number of disciplinary measures for compliance violations in fiscal 2020 was 188 (262 in the previous year<sup>2</sup>).

The number of disciplinary measures in a fiscal year does not necessarily relate to the compliance cases reported in the same period. Frequently, disciplinary action is not taken in the year in which the underlying cases were reported or the investigation – which follows a careful process – was completed. In addition, a compliance case may result in several disciplinary actions or none at all.

We believe that, once again, the evidence demonstrates that our compliance system is well-designed and being implemented effectively. Based on the nature of our businesses, the environments in which we work, and the wide range of different geographical regions, we do not regard the number of incidents as unusual. Further information on significant ongoing proceedings can be found in the Siemens Annual Report 2020 under [➤ ANNUAL REPORT, CHAPTER A.8.3.4 COMPLIANCE RISKS](#) and [➤ SECTION 22 LEGAL PROCEEDINGS](#)

### Collective Action and the Siemens Integrity Initiative

If substantial progress is to be made in combating corruption and fostering fair competition, large numbers of stakeholders must act collectively. The global Siemens Integrity Initiative earmarks more than U.S.\$100 million to support organizations and projects that combat corruption and fraud through Collective Action, education, and training. The Siemens Integrity Initiative focuses on supporting projects that have a clear impact on the business environment, can demonstrate objective and measurable results, and have the potential to be scaled up and replicated.

#### Key compliance data<sup>3</sup>

	2020	2019
Compliance-cases-reported <sup>1</sup>	<b>332</b>	386
Disciplinary measures	<b>188</b>	262 <sup>2</sup>
<i>of which warnings</i>	<b>90</b>	149
<i>of which dismissals</i>	<b>63</b>	69
<i>of which other<sup>4</sup></i>	<b>35</b>	44

<sup>1</sup> Number of Siemens Energy Compliance Cases 2019 not included, as calculated on a comparable basis after Siemens Energy Spin-Off.

<sup>2</sup> Number of disciplinary measures in 2019 including disciplinary measures for Siemens Energy.

<sup>3</sup> Continuing and discontinued operations.

<sup>4</sup> Includes loss of variable and voluntary compensation elements, transfer, and suspension.

In a press release on March 13, 2018, we announced the start of the Third Funding Round of the Siemens Integrity Initiative. In the end, this third round added 22 new projects and a total finance volume of U.S.\$25.2 million to our existing project portfolio. All told, we have now made available approximately U.S.\$98.5 million for 77 projects in more than 40 countries across all three funding rounds. This information is provided in our annual report of the Siemens Integrity Initiative.

[WWW.SIEMENS.COM/INTEGRITY-INITIATIVE](http://www.siemens.com/integrity-initiative)



77

**projects of the Siemens Integrity Initiative in more than 40 countries with U.S. \$98.5 million in funding supported to combat corruption and fraud**

The Siemens Integrity Initiative constitutes one element of a 2009 settlement between Siemens and the World Bank and another 2013 settlement between Siemens and the European Investment Bank (EIB).

### Results and progress in fiscal 2020

In addition to the results and progress achieved in recent years in many areas of the Siemens compliance system, we made e.g. the following progress in fiscal 2020:

- Realization of an extensive project with the aim of optimizing various internal compliance processes, a stronger risk focus, and further development of automation. In addition, the fundamental modernization of the compliance tool landscape was initiated.
- The new global and web-based Business Conduct Guidelines training was completed by around 86% of the Siemens employees by the end of fiscal 2020.

→ The central continuous monitoring of compliance risks was expanded. Information from various sources was analyzed to evaluate existing, new, and changing compliance risks and use this as a basis for decision-making. In this context, compliance risks relating to the coronavirus pandemic (COVID-19) were analyzed and appropriate measures were defined.

### Fiscal 2021

Our compliance priorities described above will further guide our work and will be specified by focus areas for fiscal 2021. These focus areas for fiscal 2021 will cover our strongest aspiration to provide Siemens with the highest level of assurance in the field of compliance. In fiscal 2021, we will continue to improve our business partner due diligence and explore the possibilities of digitalization, including artificial intelligence and data analytics, for a better risk assessment.

**“Our integrity is not up for negotiation. Compliance with the law will always be the basis of all our business.”**

CEO Joe Kaeser

We will also continue to develop a compliance system that is tailored to the individual risks and opportunities of our businesses and the organizational structure of Siemens. In the course of our global employee survey in fiscal 2021, we will repeatedly request feedback from our employees on the topic of integrity at Siemens in order to derive appropriate measures.

Finally, in fiscal 2021 we will continue to implement the projects of the Third Funding Round of the Siemens Integrity Initiative and monitor their progress.

[WWW.SIEMENS.COM/INTEGRITY-INITIATIVE](http://www.siemens.com/integrity-initiative)

## 3.2

## Human rights

- **Respect for human rights remains in focus at all times**
- **Obligation to observe international standards**
- **Inclusion of all key partners**

As a global company, we are aware of our responsibility to society. We are unswervingly committed to safeguarding and respecting human rights along the entire value chain. We view this as a key element of acting with integrity and of responsible corporate governance. Our holistic approach to respecting human rights is not limited to our own locations. We also consider our supply chain and customers' business activities. Our goal is to identify any human rights violations occurring anywhere in our value chain as early as possible and to mitigate identified risks responsibly.

### Commitment to human rights and international standards

Our human rights principles are firmly rooted in the 2030 Agenda for Sustainable Development and the 17 goals it encompasses. Siemens firmly believes that the SDGs can only be fully achieved if potentially negative impacts along the value chains are also examined in greater detail and effective action is taken to counter them. In these activities, we are guided by international standards that help companies to define their approaches to human rights and optimize them on an ongoing basis. These standards include the United Nations Guiding Principles on Business and Human Rights and the Guidelines for Multinational Enterprises published by the Organization for Economic Cooperation and Development

(OECD). They highlight the importance of a due diligence process that is able to proactively identify, assess, and prevent possible human rights violations to protect those affected or at least to mitigate their impacts as far as possible.

### The Business Conduct Guidelines

Our pledge to safeguard human rights is rooted in the Siemens Business Conduct Guidelines (BCGs) [➔ COMPLIANCE](#). The BCGs are required for all employees and business partners worldwide. They set out the fundamental principles and rules that apply to our actions within our company and in relation to our customers, external partners, and the public.

Siemens is committed to complying with the following international standards and also expects its business partners to observe the following guidelines where applicable:

- The International Bill of Human Rights, consisting of:
  - the Universal Declaration of Human Rights,
  - the International Covenant on Civil and Political Rights, and
  - the International Covenant on Economic, Social and Cultural Rights
- The European Convention for the Protection of Human Rights and Fundamental Freedoms
- The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labour Organization (ILO)
- The ILO Declaration on Fundamental Principles and Rights at Work

- The OECD Guidelines for Multinational Enterprises (after adoption of the core elements of the UN Guiding Principles on Business and Human Rights in 2011)
- The UN Guiding Principles on Business and Human Rights
- The Ten Principles of the United Nations Global Compact

Beyond that, Siemens AG reaffirmed its commitment to workers' fundamental rights in an international framework agreement signed by trade unions and employee representatives in 2012.

The following fundamental rights are among those enshrined in the above agreements and guidelines and in our Business Conduct Guidelines:

- No discrimination, respect for the principles of equal opportunity and equal treatment
- Free choice of employment (no forced labor)
- Prohibition of child labor
- Decent wages
- Freedom of collective bargaining and association
- Compliance with safety rules

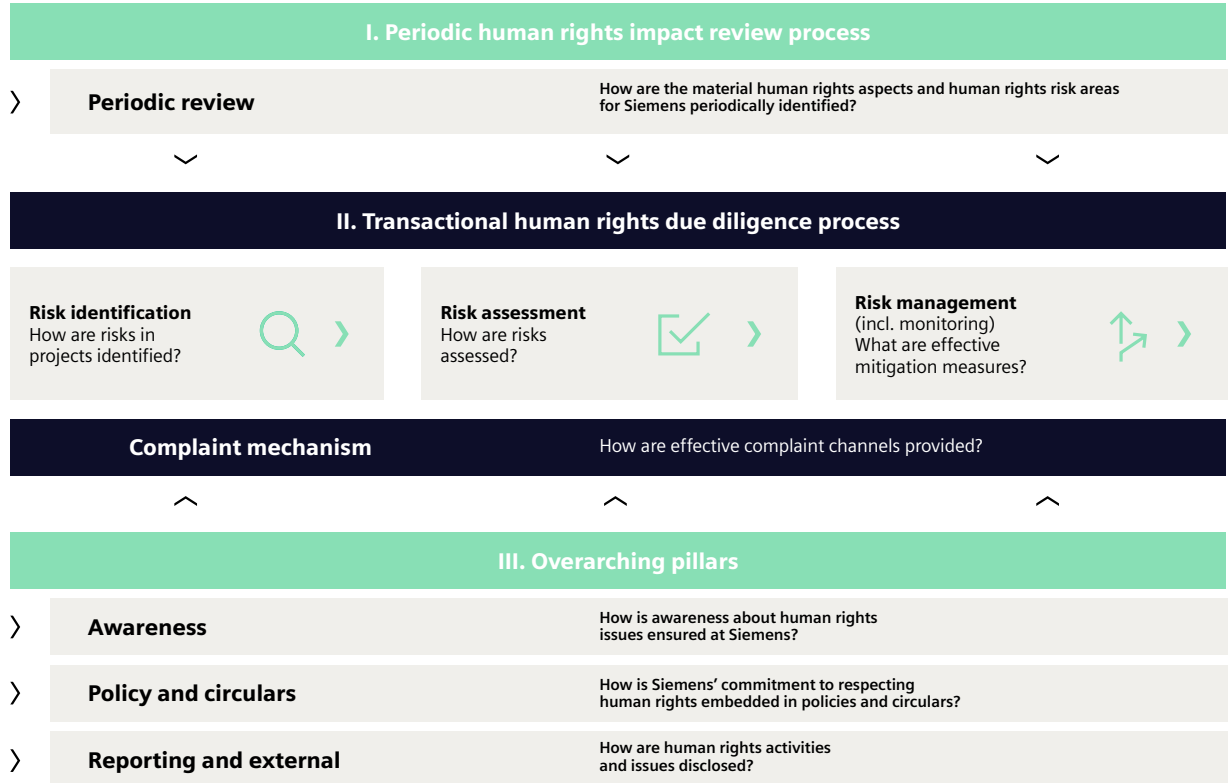
## Management and responsibilities

Our actions in support of respect for human rights and our commitment to implementing the UN Guiding Principles on Business and Human Rights are monitored by the Siemens Managing Board and the Siemens Sustainability Board (SSB). These bodies discuss both progress and challenges and identify actions to take to achieve improvement. Furthermore, the Chief Compliance Officer reports regularly to the Supervisory Board and Managing Board, which also receive information on topics relating to human rights as the occasion arises.

In October 2016, the SSB tasked the Sustainability and Compliance departments with managing the topic of human rights to make these rights a firmer part of worldwide company processes and business decisions. In this context, the departments developed a framework program aimed at respecting human rights and agreed to tap into potential for improvement on an ongoing basis across all program dimensions.

[➤ ILLUSTRATION → SIEMENS' HUMAN RIGHTS FRAMEWORKS](#)

Siemens' human rights framework



**Continuous improvement measures**

We view living up to our responsibility for human rights as a continuous improvement process. Through our actions, we aim to prevent negative effects on human rights. Siemens employs risk management programs and procedures along its value chain to systematically identify and assess risks of human rights violations early on and mitigate these risks within our sphere of influence.

As in fiscal 2017, a compliance risk assessment (CRA) was performed in 2020. Its goals included identifying and assessing risks relating to human rights across our regions and global business units and determining appropriate actions to take **▶ COMPLIANCE**. Along the entire value chain, measures to review and comply with human rights are defined during the year in areas such as supplier qualification, at our own locations, and in business decisions made by our customers.



## Human rights in the supply chain

Maintaining sustainable supply chains is one of our guiding principles. Siemens suppliers commit to uphold the Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries and Business Partners. In respect of human rights, this document affirms the fundamental human rights of our suppliers' employees. We expect all suppliers to make a clear commitment to the Code of Conduct for Siemens Suppliers and Third Party Intermediaries, which encompasses the following human rights topics:

- Fair labor conditions (pay, working hours, vacation)
- Right to freedom of association
- Responsibility for health and safety standards
- Prohibition of discrimination
- Prohibition of forced labor and child labor
- Provision of anonymous complaint mechanisms

Siemens takes a risk-based approach to identifying potential risks in our supply chain. This approach includes corporate responsibility self-assessments (CRSAs) by suppliers, internal supplier audits, and external sustainability audits. Where deviations from the principles of the Code of Conduct for Siemens Suppliers are identified, and therefore also in the case of violations of the human rights topics defined in this document, we work with the supplier to clarify how lasting corrective action can be taken within a reasonable time frame. [↗ SUPPLY CHAIN](#)

If violations of our requirements are identified during a sustainability self-assessment or audit, the respective supplier is required to remedy the issue within a defined period and take agreed corrective action. If the violation is severe, we reserve the right to terminate the supplier relationship.

[↗ TABLE MATERIAL HUMAN RIGHTS RISK ISSUES ALONG OUR VALUE CHAIN](#)

## Human rights in the workplace

### Raising awareness of human rights

The BCGs [↗ BUSINESS CONDUCT GUIDELINES](#) are an integral element of all employment contracts. Every employee shares in the responsibility for respecting human rights. Siemens does not tolerate discrimination, sexual harassment, or any other form of personal attack on individuals or groups. We also embrace the principles of equal opportunity and equal treatment, regardless of skin color, ethnic or social origin, religion, age, disability, sexual identity, world view, sex, or gender.

Diversity, equal opportunity, and inclusion are core to our success. We are committed to advancing ethnic equality. The #BlackLivesMatter movement advocates an open and honest recognition of a painful legacy that continues to impact black Americans and other minorities in unacceptable ways. We believe that black lives matter. We have begun a partnership with the National Center for Civil and Human Rights and are committed to continue the educational process with regard to the U.S. civil rights movements and the worldwide commitment to human rights. Siemens employees from the U.S. have also established the Courageous Conversation Series. This dialogue platform invites employees to share their experiences with diversity in a safe environment and learn from each other. We will continue to take action by working both within Siemens and in our communities to make a difference and be the change we wish to see in the future.

As part of our integrity dialogue, materials to raise awareness of human rights risks were made available to all units across the company in fiscal 2020. The management of each unit was responsible for deciding how to use these materials. [↗ COMPLIANCE](#)

The human rights module rolled out in fiscal 2019, which focuses on sexual harassment, remained available to all units at the company in fiscal 2020 for their activities as part of the integrity dialogue. The focus here was on the strict prohibition of sexual harassment and coercion in the workplace. This program takes a two-pronged approach, with measures to raise awareness of the topic paired with dedicated actions aimed at management communications.

➤ [TABLE MATERIAL HUMAN RIGHTS RISK ISSUES ALONG OUR VALUE CHAIN](#)

### Fair pay and active co-determination

Fair and transparent pay is a part of appreciative, respectful dealings with our employees. In Germany, the collectively agreed pay system forms the basis for equal pay within the areas covered by collective agreements. Raises for those outside collective agreements are also handled without discrimination. About 88% of employees in Germany are covered by collective agreements. Approximately 98% are subject to co-determination. The remaining 2% are executive staff with no co-determination rights. Siemens negotiates wages with unions through free collective negotiations. ➤ Please see the chapter entitled ➤ [WORKING AT SIEMENS](#)

For further information, please see the chapters entitled ➤ [OCCUPATIONAL HEALTH AND SAFETY](#), ➤ [WORKING AT SIEMENS](#) with a focus on ➤ [DIVERSITY](#), and ➤ [PRODUCT STEWARDSHIP](#).

### Human rights in the case of business decisions by customers

Siemens continuously seeks out opportunities and avenues to effectively promote and uphold human rights around the world. Our multinational company's business activities play an important role in this. We operate in nearly 200 countries, including those where we navigate a different social and political context and others where fundamental social and environmental standards do not always align with international standards. This is a definite challenge.



**Identifying environmental and social risks early on plays a key part in human rights due diligence**

Our stakeholders, including society at large, are increasingly asking what corporate responsibility companies bear for the business activities of their customers. We recognize this and take action to ensure that our risk due diligence procedures continue to evolve and that we work to assess possible environmental and social risks on an even more comprehensive basis and earlier in our operational business. The ➤ [TABLE](#) on the following page summarizes material human rights risk issues along our value chain, including the case of business relationships on our customers' side.

## Material human rights risk issues along our value chain

### Human rights risk issues in the supply chain

- › Fair labor conditions
- › Freedom of assembly
- › Discrimination
- › Forced labor
- › Child labor
- › Health and safety



### Human rights risk issues in the workplace

- › Health and safety
- › Fair labor conditions
- › Discrimination



### Human rights risk issues in the case of business decisions by customers

- › Business-specific environmental and social risks
- › Country-specific risks
- › Impact on local communities (such as indigenous population, ethnic or religious minorities)
- › Fair labor conditions
- › Modern slavery
- › Discrimination
- › Occupied territories



We believe it is essential to integrate the key risk fields into our due diligence procedures. The following assessments have been considered:

- Results of the materiality assessment in the area of human rights from fiscal 2019. We surveyed 500 stakeholders, including suppliers, customers, NGOs, think tanks, investors, shareholders, government representatives, and employees online.
- Siemens' experience dealing with critical/controversial projects
- Expertise supplied by external human rights experts
- Findings from dialogues with investors, Siemens shareholders, NGOs, and peer groups

At the end of fiscal 2020, we introduced a new digital risk due diligence tool (ESG Radar) on the basis of the material risk fields outlined above. The goal of doing this was to help Siemens identify and assess possible environmental and social risks, and the associated

human rights and reputational risks, earlier and on an even more comprehensive basis in the case of business decisions made by customers. The tool can be used to check over 60 different risk indicators for individual business activities. Together with external human rights experts, targeted mitigation measures are defined depending on how pronounced the risk profile is and what kind of influence Siemens has.

## Training and skill building

Siemens firmly believes that the principles of sustainability can be fully and effectively embraced if and when they become a voluntary pledge based on core beliefs. Continuous skill building is a key factor here. Our activities in this area are geared toward specific target groups. Siemens provides training for suppliers along with interactive training formats for employees and tailored skill-building activities for global and regional salespeople and specific functions such as compliance and EHS.

Our "Sustainability in the Supply Chain" brochure and the Code of Conduct [➤ SUPPLY CHAIN](#) support and sensitize our suppliers when it comes to incorporating these values, and the sustainability requirements they entail, more firmly into their own supply chains. Siemens also offers web-based training on sustainability and human rights in the supply chain for all our suppliers.

For Siemens employees, we have conducted targeted training programs in the area of health and safety, including mental health. By the end of fiscal 2020, approximately 165,000 Siemens employees, or about 86% of the total, had already completed the new web-based global BCG training. [➤ COMPLIANCE](#)

In light of the introduction of optimized risk due diligence procedures concerning customer business decisions, we have worked with internal and external training partners and external human rights experts to establish a training concept for managers. The target groups hereby include all employees from sales and risk functions, along with the management.

For fiscal 2021, we plan to introduce a mandatory e-learning module, along with webinars focusing on forced labor and occupied territories. We also plan to launch an internal platform to enable regular dialogue across businesses, countries, and specific departments and openly discuss challenges, risk fields, and examples of good practice. The involvement of external human rights experts will be a key supporting factor here, particularly for identifying risk mitigation strategies.

### Grievance mechanism and channels

Siemens offers all employees and external third parties protected channels for reporting violations of external and internal rules. Reports issued by these means are forwarded to our compliance organization and followed up. The same channels can also be used to report human rights violations to the company.

#### ➤ COMPLIANCE

Our website also provides an electronic mailbox for specific inquiries relating to human rights. We are aware that some business activities are controversial and definitely constitute a challenging business framework. Our goal is to share our stance and our current actions openly with our stakeholders. Further information is available from our specific human rights page. [www.siemens.com/humanrights](http://www.siemens.com/humanrights)

### Networks and coalitions

Regular dialogue with peer group companies creates a platform founded on mutual trust for dialogue addressing human rights in greater depth. This also allows us to identify impetus and harness past experiences for continuous improvement measures aimed at the organization. This form of common dialogue focuses on discussing challenges and solutions, addressing conflicts of goals, and identifying possible areas of shared action. We firmly believe that we can achieve faster progress through joint and concerted actions than by acting alone.

Siemens has been a member of the Global Business Initiative on Human Rights (GBI) since fiscal 2017. This initiative is one of the leading international network initiatives in the area of human rights. It consists of over 20 companies from all over the world. In fiscal 2018, Siemens joined the European Business and Human Rights Peer Learning Group of the Global Compact Network. This group is also designed as a peer learning group on the topic of business and human rights for European companies of varying sizes from different industries. In Germany, Siemens is also involved in the working groups of [ECONSENSE](#) in the areas of business and human rights and human rights in the supply chain. Econsense is a forum for sustainable development in the German economy.

Alongside regular dialogue with peer groups and think tanks, Siemens also interacts regularly with external human rights advisors, investors, shareholders, rating agencies, and NGOs.

## 3.3

## Sustainable supply chain practices

The company purchased goods and services valued at just under €27 billion in fiscal 2020, equivalent to approximately half of our total revenue. That means purchasing is a high priority at Siemens. We are aware that our worldwide purchasing activities have a large influence on local communities and the environment in our procurement markets. With that in mind, sustainable business practices are an integral part of purchasing policy at Siemens. We expect our suppliers not only to contribute to the economic success of Siemens, but also to ensure strict compliance with our sustainability requirements, which are summarized in the Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries.

Our supplier network is a broad one. We work with about 65,000 suppliers in around 145 countries. There is great variation in the overall conditions that apply across these countries. As a result, rigorous compliance with the global sustainability requirements that apply to our suppliers is a big challenge in our day-to-day purchasing activities.

Our Global Value Sourcing Initiative was launched to bolster local presence within our supply chain and to increase the volume we source from emerging economies from 27% to 35% between 2017 and 2020. We did not reach the target of the Global Value Sourcing Initiative for 2020, but we did manage to keep local presence in our supply chain steady against 2019, at 32%<sup>1</sup>.

<sup>1</sup> Without Siemens Healthineers.



**Siemens sourced in fiscal 2020 €27 billion in goods and services from 145 countries**

Responsible supply chain management can contribute in many ways to advances toward the SDGs. According to the UNGC, the “supply chain can make a significant impact in promoting human rights, fair labour practices [sic], environmental progress and anti-corruption policies.” The biggest contributions can be made to SDG 8 – Decent Work and Economic Growth, which deals with topics including work-related subjects, and SDG 12 – Responsible Consumption and Production. SDG 12 in particular calls on companies to develop sustainable business practices and ramp up their reporting on progress in these areas. This includes measures to fight poor working conditions, such as minimum wage violations, extreme hazards and health risks in the workplace, and all forms of forced labor and child labor. Improved waste management and use of materials based on the principles of a circular economy can reduce consumption of natural resources. In addition, we have increased our focus on climate protection in our supply chain in recent years.

## Responsibility for the worldwide supplier network

Sustainability in the supply chain is based on a holistic “Prevent – Detect – Respond” approach and concentrates on minimizing risk.

We expect all suppliers to make a firm commitment to our Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries (“Code”); the requirements set out in the Code must be accepted by all suppliers. The Code was introduced more than ten years ago. It traces back to the principles outlined in the United Nations Global Compact, a voluntary initiative based on a pledge by CEOs to implement universal sustainability principles and strive toward the goals of the United Nations and the principles of the International Labour Organization (ILO). The Code also builds on the Siemens Business Conduct Guidelines, which set out the basic principles of sustainability for the entire company.

Among other things, suppliers declare their willingness to respect the fundamental rights of employees; establish high standards for health, safety, and environmental protection; and pursue a zero-tolerance strategy in relation to corruption and bribery. The Code also contains a section on preventing purchases of conflict minerals, meaning minerals produced in certain countries, yielding profits for armed groups in particular.

In late 2019, we reviewed the Code to ensure that it was up to date and added content based on new laws, changes in society, and expanded topics in our updated BCGs. Among other things, we inserted sections on preventing money laundering and terrorist financing, export control and customs, and ensuring data protection. The Code also contains new rules specifying that suppliers must provide a protected complaint mechanism for their employees. The updated Code was published at the start of fiscal 2020. It is binding throughout the Siemens Group. At the same time, we published a code of conduct brochure as supporting communication and updated our web-based training on this topic.

The supplier management process at Siemens includes strict criteria for supplier selection and qualification. It also serves as the basis for identifying potential sustainability risks early on, when new suppliers are incorporated into the system, or taking measures to counter these risks. This may apply to suppliers with the following risk characteristics:

- Locations in high-risk countries
- Products according to the requirements for responsible sourcing of minerals
- Products and services with large carbon footprints
- Products that fall under laws like REACH (regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals) or RoHS (Restriction of the use of certain Hazardous Substances in electrical and electronic Equipment)
- General aspects of supplier quality management (including sustainability-related topics)
- Plant engineering (risks associated with construction contractors)

To identify these risk characteristics, we categorize our suppliers according to several factors:

- Purchased material and service fields are assigned to the above risk groups as part of our processes. This allows us to associate measures with the supplier individually (for example, specific contract clauses, obtaining proof up to flagging the supplier for an on-site audit).
- Risk levels for individual countries are introduced based on sustainability indicators for key areas such as legal compliance, corruption and bribery, human rights in the workplace, child labor, and more. We base these assessments on information from internationally recognized organizations.
- Various strategic measures, such as specific preparations for projects with high local purchasing volume.

## Self-assessments and site audits as control mechanisms

We perform suitable reviews according to the risk assessment for suppliers based on the categories outlined above. These reviews range from supplier self-assessments regarding their own sustainability practices to sustainability audits conducted on-site by external auditors.

Number of self assessments and audits



**1** Conducted by Siemens auditors with integrated sustainability questions.

**2** Conducted by external auditors.

### Self-assessments

Corporate responsibility self-assessments (CRSAs) are part of the supplier qualification process, which is reviewed regularly and updated as needed to take new standards and regulations into account. We updated the content of the CRSA early in fiscal 2020, adding the new elements of the Code in the process. New potential suppliers undergo a qualification process, while existing suppliers are reassessed every three years. Despite the restrictions resulting from the COVID-19 pandemic, the number of CRSAs performed in 2020 decreased by only about 7% compared to fiscal 2019, from 5,132 to 4,759 self-assessments. Since CRSAs are web-based and performed by suppliers themselves, there was no negative impact from

travel restrictions. The moderate decline was the product of temporary plant closures, which meant that not all self-assessments could be completed by suppliers in the time remaining afterward.

### Quality audits with sustainability questions

The audits of supplier quality performed by Siemens auditors include questions relating to sustainability that cover all aspects and requirements laid out in the Code. We performed 374 on-site audits worldwide in fiscal 2020. This is a decline of about 25% from the previous year's figure, resulting from both temporary business closures due to COVID-19 and travel restrictions imposed to curb the pandemic.

### External sustainability audits

We believe external sustainability audits are the most effective method of verifying our suppliers' sustainability performance. These audits are performed by one of our external audit service providers and used as a control mechanism for suppliers with a high risk assessment.

#### External sustainability audits (ESA)

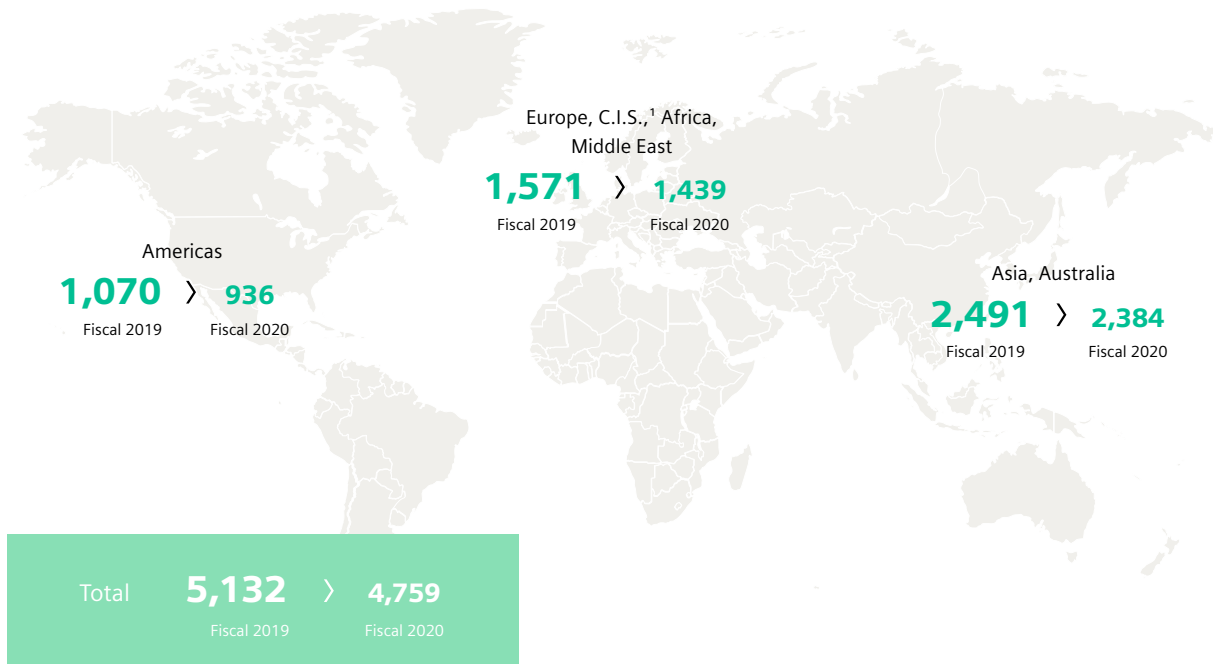
(Number)	2020	2019
Europe, C.I.S., <sup>1</sup> Africa, Middle East	65	102
Americas	19	36
Asia, Australia	185	204
<b>Total</b>	<b>269</b>	<b>342</b>
Agreed upon improvement measures (number) <sup>2</sup>		
Legal Compliance/prohibition of corruption and bribery	937	1,129
Respect for the basic human rights of employees	1,877	2,051
Prohibition of child labor	95	112
Health and safety of employees	2,064	2,783
Environmental Protection	161	316
Supply Chain	260	326
<b>Total</b>	<b>5,394</b>	<b>6,717</b>

**1** Commonwealth of Independent States

**2** Improvement measures agreed with suppliers relate either to actual deviations from the Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries or to structural improvements in management systems and the lack of specific processes and guidelines at the supplier's end.

### Corporate responsibility self-assessments<sup>1</sup>

(Number)

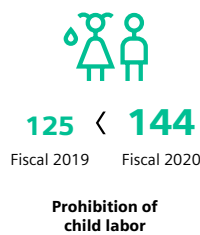
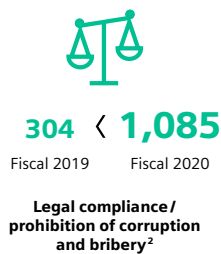


<sup>1</sup> Performed primarily in the case of suppliers from non-OECD countries with a purchasing volume of more than €50,000 per year. Questionnaires initiated, concluded, and completed in the reporting period.

<sup>2</sup> Commonwealth of Independent States.

### Agreed improvement measures<sup>1</sup>

(Number)



<sup>1</sup> Improvement measures agreed with suppliers relate either to actual deviations from the Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries or to structural improvements of management systems and the lack of specific processes and guidelines at the supplier.

<sup>2</sup> Increase due to the CRSA-questionnaire adaptatoin in accordance to the additions of the Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries



As with other measurements, fiscal 2020 marked a break with the positive trend seen in recent years, as temporary plant closures among our suppliers and sharp travel restrictions brought a decline in external sustainability audits here as well. From 342 in fiscal 2019, the figure fell by 21% in 2020, to 269 audits. However, 44 of these audits were conducted virtually for the first time, with the auditor inspecting the site by camera.

For monitoring purposes, audits can be repeated, or follow-up audits can be performed by our external audit service providers. It is also possible for the purchasing departments at Siemens that are responsible to agree on a series of optimization measures with the supplier. During this process, we remain committed to our partnerships with our suppliers and help them to improve. However, if the problems continue or a supplier does not show its willingness to take necessary remedial action, we remove that supplier from our list.

Our central warning message process is intended to ensure even faster, more-efficient responses to violations of the requirements laid out in the Code. In this process, suppliers can be blocked in local systems around the world through central messaging.

### Sustainability topics with particular need for action

We have selected three focus topics that have played and will continue to play an important role in responsible supply chain practices due to their strong connection with further Siemens sustainability activities. These include safeguarding human rights, including responsible sourcing of minerals; lowering carbon emissions in our supply chain; and ensuring health and safety, especially on project construction sites.

#### Responsible sourcing of minerals

Siemens is working hard to prevent the use of minerals from areas of conflict and high-risk areas in the supply chain that are covered by the risk definition set out in Annex 2 to the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High Risk Areas.

In this context, Siemens has developed principles for responsible procurement of minerals (Responsible Minerals Sourcing Policy) and integrated them into the purchasing process. These principles offer a uniform, company-wide standard for supply chain management in this area. Our approach to these topics is geared toward the risk-based requirements of the OECD's Due Diligence Guidance. To determine the use, sources, and origins of these minerals within our supply chains, we investigate the smelting plants involved. With this as a background, Siemens is a member of the Responsible Minerals Initiative (RMI), a group of more than 380 industrial companies that provides auditing programs for smelting.

We use the Conflict Minerals Reporting Template (CMRT) published by the RMI to question our more than 2,500 relevant suppliers and elicit the information we need about smelters in our supply chain that are associated with production of tin, tantalum, tungsten, and gold (3TG).

We share our findings regarding identified smelters with our RMI partners. The initiative then reviews whether the smelters are certified. Siemens is an active member of the Responsible Minerals Assurance Process and urges smelters that are not yet certified to participate in audit programs. In the process, we support them as they move toward the final audit and certification. Individual results are communicated on the RMI website:

[WWW.RESPONSIBLEMINERALSINITIATIVE.ORG](http://WWW.RESPONSIBLEMINERALSINITIATIVE.ORG)

Based on the European Commission's risk definition relating to "armed conflict," "regions with weak or no governance," and "regions where human and peoples' rights are systematically violated," Siemens also uses its established risk assessment to evaluate further minerals beyond the 3TG grouping. Cobalt is one of the minerals that have been incorporated into the Siemens due diligence process.

Following RMI's development of an auditing standard and reporting specifications for cobalt (CRT) in addi-

tion to its 3TG due diligence process specifications, Siemens conducts supplier audits for cobalt, focusing on battery manufacturers.

For further information and the text of our Responsible Minerals Sourcing Policy, please visit

[WWW.SIEMENS.DE/RESPONSIBLEMINERALS](http://www.siemens.de/responsibleminerals)

### Program to reduce CO<sub>2</sub> in the supply chain

As part of the Siemens Carbon Neutral Program and our reporting to the CDP – a system that helps private and public organizations to identify and manage their own environmental impacts – we publish the upstream greenhouse gas emissions caused by suppliers. In our Carbon Reduction@Suppliers approach, which is implemented with an external partner, we prepare analyses based on economic data to model the carbon footprint for each of our suppliers.



**Within our supply chain, our aim is to reduce CO<sub>2</sub> emissions by 20% by 2030 and achieve long-term CO<sub>2</sub> neutrality in the supply chain by 2050**

On this basis, we contacted and surveyed more than 9,000 suppliers in over 90 countries with high calculated CO<sub>2</sub> emissions in fiscal 2018 and 2019. The goal of the survey was to obtain detailed information about our suppliers' actual carbon footprints and gauge their willingness to work together to reduce CO<sub>2</sub>. We noted greater sensitivity to protecting the climate in 2019 than during the previous period's survey, in 2018, along with increased implementation of measures by our suppliers.

In fiscal 2019 and 2020, we also worked extensively on a process for identifying our suppliers' carbon footprints and reducing emissions through individual agreements on targets. We followed this methodology in the process:

- The basis is a model calculation that divides our suppliers into product and service categories and assigns an industry average for CO<sub>2</sub> to each one. This value is supplemented by a country-specific figure for CO<sub>2</sub>, also based on internationally available data.
- In 2020, we developed a web-based tool for eliciting information, the Carbon Web Assessment (CWA). The goal here is for our suppliers to enter their own data to replace the values calculated in the first step.
- We conducted a successful trial of this web-based system with selected pilot suppliers in early 2020.

### Enforcing occupational safety at construction sites

Our supply chain management and EHS experts have jointly established a selection process for suppliers that primarily perform construction services for Siemens. Before these contractors can be added to our supplier pool and used, EHS experts review and confirm the responses given by potential contractors to occupational health and safety questions. We also regularly review the risk potential associated with the relevant service categories and update our review methodology.

## 3.4

## Cybersecurity and data privacy

- **Striving for a leading role in the field of cybersecurity**
- **Global expertise and governance structures**
- **Data protection as part of the compliance system**

### Cybersecurity – risk and opportunity

Billions of devices are connected to the Internet today, and this number is constantly growing. Digitalization affects many facets of our life.

Hospitals, factories, power plants, electricity and water grids, smart infrastructures, and connected mobility: digital systems have become indispensable for many sectors of the economy.

Wherever large amounts of information are stored, criminals are never far away. That makes cybersecurity one of the most relevant issues today, not only for companies, but for society as a whole. It is expected that its relevance will only increase during the years to come. Businesses must safeguard critical infrastructures, protect sensitive information, and ensure business continuity.

The risk of cyberattacks rises as digitalization and the growing networking of machines and industrial systems increases. Appropriate protective measures are imperative, especially for critical infrastructure facilities. An approach that covers all levels simultaneously – from operational to field level, and from access control to copy protection – is essential for comprehensively protecting industrial facilities against internal and external cyberattacks.

Siemens recognized early on that cybersecurity would be an integral part of the digital revolution and has effectively addressed the issue by establishing a centralized cybersecurity ecosystem. Siemens has developed a holistic approach to cybersecurity, one which helps the company to protect its IT<sup>1</sup> and OT<sup>2</sup> infrastructure, as well as its products, solutions, and services, to the best extent possible.

The reason for secure digital systems is simple: The Internet of Things (IoT), for example, is the driving technology behind the digitalization of industry, and the driver for nearly all Siemens business fields. And, as one of Siemens' strategic goals, this digital transformation will only succeed if Siemens can rely on the security of data and connected systems. This makes cybersecurity a top priority for Siemens.

For our society, our customers, and Siemens, the Cybersecurity department is already working to be the trusted partner in the digital world. And Siemens is able to achieve this thanks to expertise stretching back over decades. In 1986, the company only had a small IT security team, but it now employs approximately 1,000 cybersecurity experts. Our cybersecurity experts develop and adopt leading technologies, leverage our internal network, and communicate with external companies. We want to continuously improve resilience through clear and holistic accountability and ownership. We drive a culture of ownership for cybersecurity. All of this gives Siemens a very broad foundation for protecting itself, its customers, and society.

<sup>1</sup> Information technology.

<sup>2</sup> Operational technology.

### Responsibilities for cybersecurity defined

A Cybersecurity Board (CSB) has been established to orchestrate the implementation of cybersecurity across the entire Siemens ecosystem. The board is chaired by the Global Chief Cybersecurity Officer, and its objective is to steer the overall cybersecurity approach. The company units are represented in the CSB by the respective Chief Cybersecurity Officers. The CSB provides a collaborative platform to drive strategic initiatives across Siemens and affiliated companies to address security topics and define cybersecurity requirements and recommendations for adoption by the respective company units. The Chief Cybersecurity Officers of Siemens Energy and Siemens Healthineers are allowed to participate in the CSB through collaboration agreements.



Approximately **1,000** experts for Cybersecurity work for Siemens

As cybersecurity is a CEO priority, the Global Chief Cybersecurity Officer reports directly to the Deputy CEO and CTO, quarterly to the Managing Board, and yearly to the Supervisory Board.

The Cybersecurity department is responsible for the following issues and implementing the following activities:

- Information Technology, Operational Technology and Product & Solution Security measures
- Cybersecurity risk management
- Monitoring and reporting on the status and progress of cybersecurity measures and inspections
- Cyberreadiness and second line of defense assessments
- Mandatory cybersecurity global awareness measures and annual IT Cybersecurity global awareness trainings

- Coordination of common bodies (such as the CSB), tasks, and topics across the various central and local cybersecurity teams in businesses and countries
- Strengthening cybersecurity at a global level in different industries beyond the boundaries of the company through the activities of the Charter of Trust; through the Managing Board, Management Forum, and various task forces, for example. In addition, the Cybersecurity department is also a service provider for the entire Siemens cybersecurity ecosystem, as reflected in Vision 2020+. These services are aligned with Siemens company units and, in some cases, with equity investments. All company units have agreed on specific basic cybersecurity services that must be used by all of them in order to ensure the same adequate level of protection throughout the Siemens cybersecurity ecosystem.

The **cybersecurity organisation** has been developed to:

- Secure the Siemens infrastructure and products against cyberattacks
- Observe the threat landscape and derive the necessary actions for cyberresilience
- Identify and assess the cybersecurity risks, make them transparent, and manage them actively
- Assess country-specific laws and regulations which have an impact on our products, solutions, and infrastructure, and take action accordingly
- Reduce the risk of damage toward customers
- Reduce the risk of business interruption
- Prevent the loss of reputation and market share
- Minimize the risk of penalties

Siemens trains its employees<sup>1</sup> every year in cybersecurity. In 2020, the participation rate in online cybersecurity training for the protection of the company stood at 87%.

<sup>1</sup> Excluding Siemens Healthineers.

### Cybersecurity insurance and risk analysis

For additional protection of the company, and to reduce potential financial impact caused by cyber incidents, the risk transfer possibilities have been evaluated in detail. As a result of an international insurance tender, the currently insurable cyber risks have been transferred to a consortium of insurance companies. The insurance covers financial losses up to €200 million caused by a security breach, data manipulation, or business interruption, for example. The cyber insurance also supports Siemens businesses, as Siemens customers often require confirmation of cybersecurity risk cover. The scope and limits of the transfer of risks to the insurance market are checked on an annual basis.

In order to mitigate these risks, different initiatives are currently being performed across the entire Siemens cybersecurity ecosystem. These initiatives further improve our cybersecurity resilience by helping us better prepare for, respond to, and quickly recover from cyberattacks.

Some of the activities to reduce the probability of these risks occurring and their impact are:

- The implementation of the [Cybersecurity Improvement Program](#) (CSIP) aims to reduce risk and protect Siemens' most critical assets by developing and implementing consistent security solutions. CSIP is a four-year program expected to finish in 2021.
- The overarching goal of Enhanced Microsoft Security (EMS) is to drive the Siemens cybersecurity organisation to be a leader in the field of cybersecurity by integrating native Microsoft technology. The three key objectives of the program are to protect user accounts from malicious threats and misuse of their credentials, to ensure data security through access control and encryption, and to

prevent unauthorized access from untrustworthy sources. Currently the program is in its rollout phase and is likely to be finished in 2021.

As the threat landscape is changing and increasing, we are continuously monitoring and setting up new initiatives and programs to ensure continuous adaptation and improvement.

### Proactive way of dealing with threats, incidences, and vulnerabilities

Siemens has established two teams. Both Siemens CERT and Siemens ProductCERT are dedicated teams of seasoned security experts for immediate response to security threats and incidents affecting Siemens products, solutions, services, or infrastructure.

Siemens CERT secures the internal infrastructure at Siemens, continuously monitors the cyberthreat landscape for Siemens, and evaluates the potential impact on the company. In the event of a security incident, our experts analyze the cause and initiate countermeasures to minimize harmful impact. Appropriate interest groups (and the authorities, if required) are also informed.

ProductCERT takes care of security issues related to Siemens products and solutions. The Security Vulnerability Monitoring service has been operating for more than ten years now and is constantly looking for information on vulnerabilities in thousands of software and hardware components that are built into Siemens products or used in Siemens' IT infrastructure. Emerging security advice is published on a monthly basis in line with the Microsoft Patch Day, communicating transparency and trust to customers, who appreciate the regular Siemens Security Advisory Day. In addition, we work together with external researchers and partners to monitor and improve our services.

Siemens is not the only company driving digitalization, so we initiated the Charter of Trust, founded in 2018, to create a more secure digital world together with strong external partners from different industries around the globe.

### Protection of personal data

For Siemens, the protection of personal data of our customers, employees, and partners is an expression of responsible interaction. As digitalization progresses, the handling of personal data becomes an increasingly important success factor. Processing personal data in compliance with applicable data protection laws, including the General Data Protection Regulation (GDPR), is of utmost importance to Siemens.

#### Data privacy management system

In order to implement this throughout the Group, Siemens has made data protection an integral part of the Siemens compliance system and implemented a data privacy management system to ensure compliance with data protection requirements throughout our business activities. Further information:

[➤ COMPLIANCE](#)

The data privacy management system comprises the following components to effectively protect the personal data of our customers, business partners, and employees.

#### Committing our employees to data protection and regular training

The long-term implementation of data protection requirements is not just an IT issue, but must also involve employees and processes. Therefore, internal regulations, such as our Business Conduct Guidelines, require every employee to comply with data protection requirements.

In addition, Siemens employees receive regular training on the handling of personal data, tailored to specific functions and target groups.

#### Data transfers within the Group

Transferring personal data within the Group is covered by binding internal data protection regulations, the Siemens Binding Corporate Rules on Data Protection (BCR). Siemens was one of the first companies in Germany to introduce the BCR within the Group as early as 2014. Through the BCR, Siemens Group companies around the world have an obligation to process personal data of data subjects from the European Union in accordance with European data protection standards.

#### Data subject rights

Applicable data protection law focuses on the protection of the persons whose data is processed and grants them comprehensive data protection rights (such as the right of access to personal data processed). To this end, Siemens has introduced a global process as a central point through which data subjects can assert their rights and receive responses.



**Data privacy management system ensures compliance with data protection requirements throughout all business processes**

#### Data protection audit of our suppliers and partners

A holistic approach to data protection only works if data protection requirements are consistently observed and implemented both within the Group and by our external suppliers and partners. Our suppliers and partners are therefore subjected to a preliminary data protection audit and are contractually bound by data protection standards.

### **Privacy by design**

To Siemens, privacy by design and default means that lawfulness, transparency, determining how personal data are handled, data minimization, and data security are already considered during the development of functions and services. Privacy by design and default is therefore firmly integrated in our product development processes.

### **Documentation**

In a central database (register of processing activities), Siemens documents the purpose, risk, and security standards applied for all processing activities in the Group. The register of processing activities serves as a basis for evaluating the legitimacy of a processing activity under data protection law and for documenting compliance with applicable data protection law.

### **Inspection**

The requirements and measures described in this section are subject to regular inspection. To this end, Siemens conducts risk-based data protection audits of processing activities, products, and services.

### **Reporting data protection violations**

Any data protection violations must be reported without undue delay to the Siemens data protection team through the central reporting channel. This is the only way to ensure all necessary internal and external parties are informed as quickly as possible and the necessary measures are initiated. To facilitate this, Siemens has implemented a global Data Privacy Incident Process that uses central reporting channels and involves the relevant stakeholders.

# Environment

## Conservation of nature and resources

6 CLEAN WATER  
AND SANITATION



7 AFFORDABLE AND  
CLEAN ENERGY



8 DECENT WORK AND  
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



11 SUSTAINABLE CITIES  
AND COMMUNITIES



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



13 CLIMATE  
ACTION



The Siemens Environmental Portfolio and our environmental programs make a key contribution to conserving resources, protecting our climate, and increasing our customers' competitiveness.



# A holistic environmental approach

As a company with a broad range of production and office locations, our global actions have a wide-ranging impact on the environment. The impact varies from generating and processing raw materials, sourcing, and own production operations, to product development, use and their entire lifecycle. Our environmental impact is particularly significant in terms of land use, emitting airborne pollutants and greenhouse gases, generating solid and liquid waste. Another key factor is the potential adverse effects on surface water, ground water, soil, biodiversity, and climate as a whole.

One of the most important challenges we face is to cut back the environmental impact of our products in the use-phase. We are already rising to the challenge, largely through the characteristics of our products. These include long life cycles, reliability, and the ability to repair and recycle our products. Additionally, they feature low energy consumption, material and supply use, while reducing emissions as much as possible.

At Siemens we go beyond mere compliance to legal requirements. By continuously reducing our environmental footprint while maintaining an efficient product range and involving business partners and other stakeholder groups in our efforts, we play our part in resolving global environmental issues, promoting a sustainable economy, and increasing our resilience. We strive to meet the expectations of our stakeholders and have a direct impact on SDGs, particularly SDG 6 Clean water and sanitation, SDG 7 Affordable and clean energy, SDG 8 Decent work and economic growth, SDG 9 Industry, innovation, and infrastruc-

ture, SDG 11 Sustainable cities and communities, SDG 12 Responsible consumption and production, and SDG 13 Climate action.

We recognize our responsibility to society and look at economic, environmental, and social requirements holistically. Our commitment towards the future increases our customers' competitiveness and lays the foundations for our success. This includes recording and actively managing the environmental impact of all our activities throughout the value chain, often in collaboration with our business partners.

Responsibility for the implementation of environmental guidelines is allocated to a member of the Siemens Managing Board. The guideline implementation process is governed by the "EHS Principles", a Managing Board guideline. The responsible Managing Board Member is advised by the Siemens Sustainability Board alongside the Global Board EHS, a committee of various Siemens EHS experts. The Global EHS Board additionally develops measures and programs to aid environmental protection. EHS and sustainability officers in Siemens' businesses support operations management with implementing the environmental guidelines and programs. The Siemens Environmental Council, a diverse group of environmental experts and various governance functions (environment, supply chain, sustainability, real-estate, insurance), assesses environmental risks and opportunities, which it reports into Siemens ERM.

Established standards are the foundation of our environmental management efforts, with ISO 14001 and 50001 applied to energy-intensive units and IEC

62430 for environmentally conscious design of solutions and services. These requirements are implemented through our own compulsory standard. Recognized certification bodies verify the implementation of the ISO 14001 standard at relevant locations, while quarterly and annual reports create transparency about our environmental performance.

### Ambitious environmental programs

Alongside local environmental programs, we also implement strategic global environmental programs to back up existing measures and target improvements of key environmental aspects.

- Carbon Neutral (CN) aims for carbon neutrality of Siemens' own greenhouse gas emissions by 2030
- Environmental Portfolio (EP)
- Product Eco Excellence (PrEE) for product safety and to improve and showcase our products' environmental performance
- Serve the Environment (StE) to enhance our own resource efficiency and minimize risks

CN runs until 2030. We maintain carbon neutrality thereafter. StE and PrEE concluded in fiscal 2020 after six years. Many of the topics from these two programs have since been integrated into daily operations. In the coming fiscal year, the EP will be subject to a comprehensive review and adjusted to changed requirements and standards.

Protecting the environment will only become more important in a booming global economy with further urbanization and increasing population. Companies aiming to benefit from this growth moving forward need to be profitable but must also show that their actions are compatible with efforts to conserve our planet.

Next to CN we launched Eco Efficiency@Siemens, effective as of October 2020, to support this mission.

The latter was designed to succeed StE and PrEE, and together they will be the longest-running environmental programs ever implemented by Siemens, running 16 and 10 years. "Carbon Neutral" and "Eco Efficiency" embrace environmental aspects along the entire value chain, follow circular economy principles and center on climate action, efficient energy use and environmentally friendly materials. The programs are regularly supplemented with topical environmental initiatives such as water or biodiversity.

## 4.1

# Climate action

- **Our goal: climate-neutral Siemens operations by 2030**
- **Energy efficiency and renewable energies in the spotlight**
- **Our portfolio helps customers protect the climate**

We have pledged to make an important contribution to decarbonizing the global economy, which experts say is a necessary step well before the end of the 21st century. We are doing this with a tailored governance, including a strategy and risk management practices focusing on this goal, just as recommended by the Task Force on Climate-related Financial Disclosure (TCFD) [↗ ANNEX](#).

We are continuing our efforts toward decarbonization with the same vigor even after the Spin-Off of Siemens Energy. By making CO<sub>2</sub> reduction a key part of the long-term incentive (LTI) program for senior management at Siemens AG and assigning responsibility for achieving reductions in line with the LTI specifications to the businesses, we have further reinforced our management approach and delineated responsibilities more sharply.

During our products' use phase, the main source of CO<sub>2</sub> emissions after the Spin-Off is the use of electrical energy, not energy conversion. This means key

factors that can be used to lower emissions during the product use phase now lie in boosting energy efficiency and in digitalization. Our approaches to reducing emissions take a holistic view of the entire value chain.



**Siemens is striving to be a carbon-neutral company by 2030**

## Greenhouse gas emissions

We report our greenhouse gas emissions on the basis of the Greenhouse Gas Protocol corporate standard published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Direct greenhouse gas emissions (Scope 1) arise from sources that are in the company's possession or under its control. Indirect greenhouse gas emissions (Scope 2) arise from the use of purchased electricity and district heating. Since fiscal 2016, we have also reported upstream Scope 3 emissions arising within our supply chain, from sources such as business travel, capital goods, fuels, or energy-related activities and shipments. Scope 3 emissions from our supply chain have been calculated using a cross-regional, macroeconomic input-output model based on our volume of purchased goods and services.

### Greenhouse gas emission (Siemens AG)

(in 1,000 metric tons of CO <sub>2</sub> equivalents)	Fiscal year	
	2020	2019
Scope 1	524	565
Scope 2 <sup>1</sup>	177	360
<b>Sum Scope 1 and 2</b>	<b>701</b>	<b>926</b>
Scope 3	–	–
<i>Purchased goods and services</i>	<b>8,607</b>	10,038
<i>Capital goods</i>	<b>419</b>	270
<i>Fuel and energy-related activities</i>	<b>282</b>	217
<i>Waste in operations</i>	<b>28</b>	36
<i>Transportation upstream</i>	<b>740</b>	713
<i>Business travel</i>	<b>126</b>	232
<b>Total Scope 3</b>	<b>10,202</b>	<b>11,506</b>

<sup>1</sup> We calculate our emissions resulting from electrical consumption based on the carbon emission factors of our local sites according to the market-based approach.

### Moving toward CO<sub>2</sub> neutrality

Siemens launched the global CN program in September 2015 with an eye to its own business activities. We shrank our own operations’ carbon footprint by half between 2014 and 2020, achieving our interim target. At present, we (including Siemens Energy) have already reduced our CO<sub>2</sub> emissions by nearly 1.2 million metric tons of CO<sub>2</sub> compared to 2014. By 2030, our goal is for all of Siemens’ operations to be climate-neutral. To facilitate comparison, the figures stated for our CN interim target includes Siemens Energy.

We have cut Scope 1 and Scope 2 emissions by 373 kt CO<sub>2</sub>e, a reduction of 27% compared to fiscal 2019. Direct greenhouse gas emissions (Scope 1) are down by 10%. We have also reduced emissions of the other gases named in the Kyoto Protocol, such as sulfur hexafluoride (SF<sub>6</sub>). For SF<sub>6</sub> alone, we emitted 79 kt CO<sub>2</sub>e (not including SGRE), a reduction of almost 17%. These reductions are the product of better handling and an improved method of controlling emissions in tandem with lower use at one location. The consid-

erable 54% reduction in Scope 2 emissions is due primarily to further advances in our energy procurement policies.

Our CO<sub>2</sub> neutral program allows us to protect the environment and reduce costs, but that is not all. As we put these steps into action, we are also building experience and bolstering our expertise in the area of environmentally friendly technologies that may benefit our suppliers and customers.



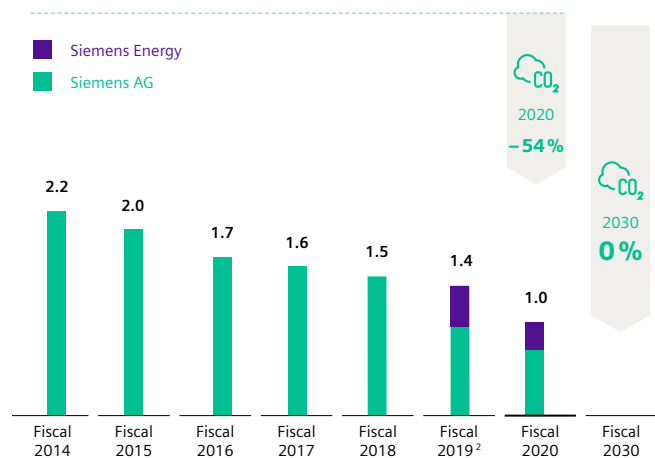
**– 54 %**

**Interim target achieved – own operations carbon footprint reduced by more than half between 2014 and 2020**

In addition to our Serve the Environment corporate program, these emission reductions are also the result of a number of ongoing initiatives outlined in brief below.

### Emissions reduction as part of the CO<sub>2</sub> neutral program

(in millions of metric tons of CO<sub>2</sub> for Siemens AG and Siemens Energy)<sup>1</sup>



<sup>1</sup> As reported in respective fiscal year (incl. Siemens Energy).  
<sup>2</sup> Value adapted retrospectively for 2019

### Advances in the energy efficiency program

In 2015, Siemens Real Estate launched an extensive sustainability program for all locations worldwide, setting aside €100 million to improve energy efficiency by 2020. The program oversaw €65 million in investment before ending in 2020. The available program scope was not utilized in full, primarily due to portfolio changes. Energy costs decreased by about €13 million per year as a result of the measures taken. Due to the pandemic, we concluded only one project in Germany in fiscal 2020. In all, 33 projects were implemented as part of the energy efficiency program.

As part of one flagship project, a gas turbine is being installed at the Congleton location in the U.K. to increase the building's energy efficiency. The investments for this come to approximately €1.8 million. They will reduce energy costs at this location by €360,000 per year.

Our locations in Shanghai and Beijing, China, illustrate that energy efficiency measures can supply solid business models for office locations as well. We are expanding the original project scope here to build on the successes we have seen thus far. Switching to LED lighting and optimizing building automation alone have brought annual savings of €350,000 and reduced emissions by 1,000 metric tons of CO<sub>2</sub> a year.

### Use of distributed energy systems

We are expanding the use of distributed energy systems at our own locations by combining cogeneration units, solar energy systems, wind turbines, small gas turbines, smart energy management systems, and solutions to store energy. Our long-range goal is to cover 10% of our electricity requirements via distributed energy systems at our locations. The Siemens campus in Erlangen will be a showcase project for this, as it will be carbon-neutral from day one. Five other projects were completed in fiscal 2020. Two others, one in Portugal and one in Mexico, are under construction.

### Reducing vehicle fleet emissions

We are working to reduce the emissions generated by our fleet of approximately 50,000 vehicles. Our goal is to lower emissions by 33% from the base year, 2014, to 200,000 t CO<sub>2</sub> by 2025 while also reducing the associated fuel costs. These emissions totaled approximately 239,200 t CO<sub>2</sub> in fiscal 2020. By updating our fleet guidelines and expanding the charging infrastructure, we are bolstering the expansion of our electric vehicle fleet, which is expected to reduce CO<sub>2</sub> emissions.

### Sourcing green energy

We consistently increase the share of energy we obtain from renewable sources such as wind farms. In fiscal 2020, a significant number of locations in China, France, and Mexico additionally received a supply of green electricity. Company-wide, green electricity covered more than 70% of our electricity needs in fiscal 2020, allowing us to reduce emissions by an additional 220,000 t CO<sub>2</sub> year over year.

Siemens and Stadtwerke München (SWM), Munich's municipal utilities company, have signed a power purchase agreement (PPA) for electricity derived from wind power. Under the agreement, the new Siemens campus in Erlangen will derive the majority of the green energy it requires from wind farms, which will be losing access to subsidies under the German Renewable Energy Act (EEG) starting in 2021.

### Internal CO<sub>2</sub> price introduced

Siemens AG is increasingly focusing on internal CO<sub>2</sub> pricing as a way to steer its decarbonization measures. Three national Siemens affiliates have already introduced internal CO<sub>2</sub> prices.

First, Siemens UK has created an investment fund for CO<sub>2</sub> reduction. Via this fund, business units were charged an internal CO<sub>2</sub> price based on consumption of gas and on the vehicle fleet's fuel economy. After a pilot phase using a price of £13 per metric ton of CO<sub>2</sub>, the price for regular operation has now been

aligned toward the recommendations of the High-Level Commission on Carbon Prices. The current price is £31 per metric ton of CO<sub>2</sub>. This price was set with an eye to providing sufficient seed money for projects to reduce emissions.

Siemens is pursuing a similar approach in Brazil. An internal CO<sub>2</sub> price was introduced there as well. The price was set at the value recommended by the High-Level Commission on Carbon Prices, which is \$40 per metric ton of CO<sub>2</sub> emissions.

Siemens USA is taking a two-phase approach to CO<sub>2</sub> pricing. In phase I, the Siemens Development Fund was initiated. The development fund receives payments from Siemens business units based on their CO<sub>2</sub> emissions. The funds collected are used to finance decarbonization projects, such as those focusing on energy distribution and energy efficiency, incentives for faster integration of electric vehicles, a targeted renewable energy certificates (RECs) purchasing strategy for our customers, and a request for proposals process that is intended to lead to cross-company virtual power purchase agreements (vPPAs). In phase II, the business requirements for disbursements to individual Siemens locations are being put in place. These payments will support their sustainability activities in fields such as recycling, reducing the use of plastics, and biodiversity.

### Reducing emissions in the supply chain

Emissions in our supply chain amount to roughly 10 million metric tons of CO<sub>2</sub> equivalents (million metric tons CO<sub>2</sub>e). Our own operations' emissions stand at 0.7 million metric tons of CO<sub>2</sub>, only about 7% when compared to the supply chain. This is because the operations along our supply chain are generally more energy-intensive than our own, mainly because they process raw materials. In our supply chain, we aim to reduce CO<sub>2</sub> emissions by 20% by 2030 and, in the long term, to have a CO<sub>2</sub>-neutral supply chain by 2050. For a detailed description of our efforts in the area of the supply chain, please see the chapter entitled [SUPPLY CHAIN](#).

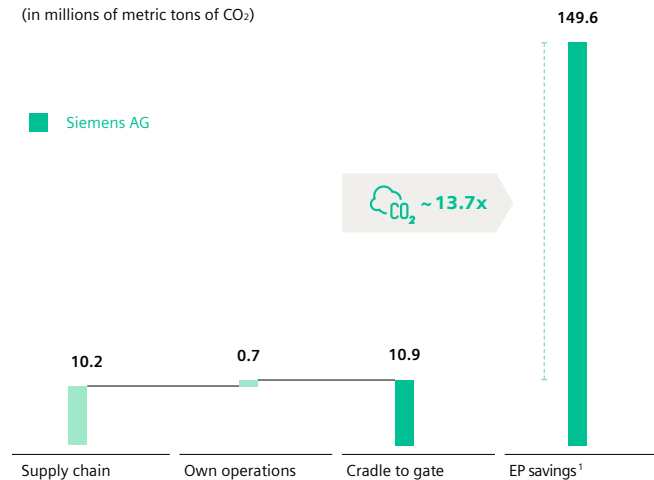
### Environmental Portfolio for climate-conscious product use

Our Environmental Portfolio is our biggest contribution to mitigating climate change. Through the Environmental Portfolio, Siemens is tackling global challenges relating to climate change, dwindling natural resources, and environmental pollution. The Environmental Portfolio encompasses products, systems, solutions, and services (Environmental Portfolio elements) that meet one of our selection criteria, namely energy efficiency or the use of renewable energies. The savings are calculated by comparing these against reference solutions known as baselines. The Environmental Portfolio elements mitigate adverse impact on the environment and reduce emissions of CO<sub>2</sub> and other greenhouse gases (CO<sub>2</sub> emissions), which are a major driver of climate change.

Through our Environmental Portfolio, we also aim to help our customers reduce their CO<sub>2</sub> emissions, cut energy costs, and enhance their success in business thanks to higher productivity. In addition to the ecological benefits, our Environmental Portfolio allows us to compete successfully in attractive markets and

Value chain emissions and savings from the Environmental Portfolio (EP)

(in millions of metric tons of CO<sub>2</sub>)



<sup>1</sup> Total annual savings of products installed since 2002 by our customers and still in use in fiscal 2020.




achieve profitable growth; this underscores Siemens' strategic focus on technologies for energy efficiency and on protecting the climate and the environment. For fiscal 2020, energy-efficient products and solutions accounted for over 95% of revenue earned based on our Environmental Portfolio, as the key driver for reducing emissions after the Spin-Off lies in the product use phase, through enhancing energy efficiency where electricity is used.

The Environmental Portfolio technologies at Siemens AG that make the biggest contribution to the overall reduction of CO<sub>2</sub> emissions at our customer's end are components for generating energy from wind power, frequency converters, rail transportation of passengers and goods, and building technology. Including revenue from newly developed and additionally qualified Environmental Portfolio elements, and not including revenue from elements that no longer meet our qualification criteria, revenue at Siemens AG from continuing operations in relation to the Environmental Portfolio amounted to €18 billion in the current year. This means that continuing operations from our Environmental Portfolio accounted for 32% of our revenue in fiscal 2020. Beyond that, our Environmental Portfolio elements installed in fiscal 2020 helped our customers to reduce their CO<sub>2</sub> emissions by another 7.0 million metric tons. Through all Environmental Portfolio elements installed at customer sites since fiscal 2002 that are still in operation today, we had reduced our customers' CO<sub>2</sub> emissions by 149.6 million metric tons by the end of fiscal 2020.

As described, the Spin-Off of Siemens Energy has shifted the focus of the Siemens AG Environmental Portfolio to the emissions caused by our products' use of electricity and away from emissions resulting from energy conversion. This has also changed the composition of the Siemens AG Environmental Portfolio and the comparability of the key indicators with those for previous years. As global electricity generation

## Results of the Environmental Portfolio

Fiscal 2020

	<b>Revenue generated with the Siemens Environmental Portfolio (continuing operations, in € billion)</b> <i>(incl. Siemens Energy)</i>	<b>18.0</b> <b>(37.1)</b>
	<b>Annual reductions in greenhouse gases achieved by our customers through elements of the Siemens Environmental Portfolio newly installed in the reporting year (continuing operations, in millions of metric tons)</b> <i>(incl. Siemens Energy)</i>	<b>7.0</b> <b>(42)</b>
	<b>Cumulative annual greenhouse gas reductions achieved by our customers through elements of the Siemens Environmental Portfolio during the reporting year (continuing operations, in millions of metric tons)</b> <i>(incl. Siemens Energy)</i>	<b>149.6</b> <b>(671)</b>

becomes a lower emission factor due to rising proportions of renewable energies, our customers will see lower CO<sub>2</sub> reductions in the medium term as energy efficiency gains remain comparable.

Energy efficiency, electrification, and digitalization are the basis for a low-carbon economy that conserves resources. Together with our products and solutions in medical technology, they represent our contribution to a sustainable future.

Following the introduction of the EU taxonomy, there will be a classification system for sustainable business activities from 2022 on that could supplement or replace the previous Environmental Portfolio reporting of Siemens AG.

For more information on the Siemens Environmental Portfolio, please visit:

[www.siemens.com/umweltportfolio](http://www.siemens.com/umweltportfolio)

Besides our Environmental Portfolio, Siemens Financial Services (SFS) enables infrastructure projects and technology through financing solutions that contribute significantly to decarbonization. In doing so, SFS participates in equity and debt financing for projects with a total installed capacity of more than 26 GW of wind energy, 7 GW of solar energy, and 470 MW of further renewable energy production (including battery storage) globally.

### Shaping overall conditions in climate policy

Beyond its own measures and activities, Siemens AG is a part of committees and associations where it advocates further changes in the overall conditions of climate policy with an eye to supporting the following aspects:

- Harnessing energy as efficiently as possible
- Increasing the proportion of renewable energy and accelerating the shift from conventional energy generation to low-carbon fuels

- Redesigning energy markets to ensure adequate investment in sustainable, reliable, and efficient energy systems
- Speeding up efforts to incorporate highly flexible technologies to integrate renewable energies and ensure system stability at the same time
- Accelerating decarbonization in other sectors through sector coupling, including power-to-X technologies

Siemens believes carbon pricing is inevitable. For effective decarbonization, any carbon price should cover the actual costs that can be associated with CO<sub>2</sub> emissions. It should be high enough to set in motion a shift to low-carbon technologies in line with the pledges made in the Paris Agreement made at COP21. This is why Siemens joined the World Bank's Carbon Pricing Leadership Coalition (CPLC) back in 2016 with the goal of working toward the introduction of a global CO<sub>2</sub> price and why it has since introduced an internal CO<sub>2</sub> price at three national affiliates.



## 4.2

## Conservation of resources

- **Serve the Environment program based on ISO 14001/50001 environmental and energy management systems**
- **Resource efficiency targets for energy and waste exceeded**
- **Assessment of water risks at Siemens locations completed**

The main environmental impacts of Siemens AG are connected to energy use, waste generation, and the emission of volatile organic compounds (VOC). The entrepreneurial tasks in this context concern the long-term preservation of an intact natural environment and the guarantee of business capability. These also include identifying and mitigating water risks and reducing the use of ozone depleting substances (ODS). At the heart of our approach to reduce significant environmental impacts and risks is our strategic Serve the Environment (StE) program. This global program for corporate environmental protection successfully concluded in 2020 after six years and with the achievement of all relevant targets in the areas of improving energy and waste efficiency, reducing landfill waste, identifying water risks, and improving the control of VOC and ODS use.

The idea and approach behind StE will be incorporated into the Eco Efficiency at Siemens environmental program, which started in October 2020. The focus will be on reducing the two most important environmental aspects: waste and energy use.

### Efficiently managing protection of the environment and conservation of resources

The environmental and energy management systems implemented worldwide integrate goals and measures for dealing with environmental impacts and help to increase our energy and resource efficiency. All our sites have an environmental management system in place. At least 164 are certified to ISO 14001, and at least 157 of them have been audited by external auditors. The decision to pursue ISO 14001 certification is made by environmental protection officers in the business units and countries, in close cooperation with the environmental protection officers at Group level. A total of 30 Siemens locations have implemented energy management systems according to ISO 50001.

We have integrated energy efficiency and waste prevention into our supply chain and analyze the total operating costs of energy-intensive products. We take a holistic view of air pollution by analyzing local air emissions at our office and manufacturing sites as well as emissions of VOC and ODS at our main locations. At all locations with significant energy consumption, we have evaluated the possibility of local energy generation to promote energy efficiency and hedge against potential price increases. Since fiscal 2017, our water strategy has also included the topics of water scarcity, water pollution, climate change, and changing flood and precipitation patterns.

During the fiscal year, our activities focused on individual consultations with locations regarding energy efficiency and the inclusion of the waste reduction target in EHS Essentials, an initiative to raise aware-

ness of EHS including issues such as biodiversity. In addition, forecasts on the achievement of targets were prepared for the businesses, which helped to improve program management.

### Environmental impacts reduced in many areas

#### Serve the Environment target achieved

The resource efficiency target of StE's environmental program of a 6% increase in efficiency for primary energy and waste in relation to comparable sales and a 10% reduction in disposal waste in the period 2014 to 2020 was exceeded: Compared to the reference year 2014, we were able to increase our efficiency in primary energy use by 99%, and 11% in waste generation. The efficiency improvement this year stood at 26% for primary energy and 5% for waste. The efficiency improvements for primary energy result from the purchase of green electricity, since green electricity can be provided with much lower losses than electricity from conventional heat engines. In addition, we were able to reduce the amount of landfill waste by 18% compared to the reference year, which underlines our ambition to produce zero landfill waste. The

above-mentioned efficiency improvements and reductions in waste for disposal are calculated excluding SHS in fiscal 2020.

#### Energy consumption managed

In fiscal 2020, consumption of natural gas and liquefied gases increased by 6%. Other fossil fuels were only consumed in negligible quantities. Total primary energy consumption increased by 7% compared to the previous year due to local additional consumption by sites, such as increased use of liquid gas and improved accounting for small locations.

Power consumption decreased slightly. The heating demand was slightly increased by 3%.

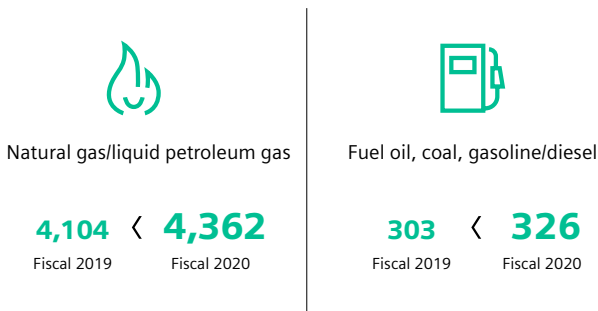


**99%**

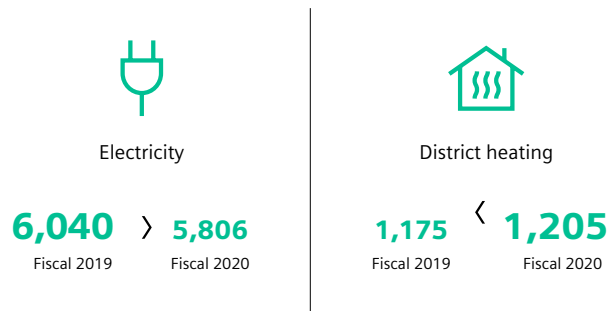
**Improvement in primary energy use efficiency in comparison to 2014**

The energy consumption of Siemens AG vehicles is recorded centrally. Employee and service vehicles, as

Primary energy  
(1,000 gigajoules)



Secondary energy  
(1,000 gigajoules)



<sup>1</sup> Incl. additional other primary energy sources (e.g. acetylene).

well as company trucks, are included in this record. In fiscal 2020, the company’s fleet consumed around 2.6 million gigajoules of fuel, compared to 3.75 million gigajoules in the previous year. The 31 % decrease is due to reduced travel activity as a result of the COVID-19 pandemic.

### Atmospheric pollutant emissions

In addition to greenhouse gas emissions, which are covered in the [CHAPTER CLIMATE ACTION](#), other industrial emissions into the air are also highly relevant to environmental protection. VOCs contribute to the formation of ozone close to the earth’s surface and are responsible for so-called summer smog. We use these organic compounds as solvents in paints and adhesives as well as impregnation processes and surface cleaning. We control the use of substances with an ozone-depleting potential. We comply with the requirements of the international treaty designed to protect the ozone layer (Montreal Protocol) and various national laws.

Emissions of VOCs fell by 7 % to 364 metric tons due to a change in production. Emissions of ODS decreased by 0.024 tons of R11 equivalents (R11 is one of the many substances that produce ODS). In general, we are aware of the need for phase-out plans and replacement solutions, especially for R22, the substance we use most.

In calculating nitrogen oxides, we have assumed typical combustion conditions in the relevant thermal

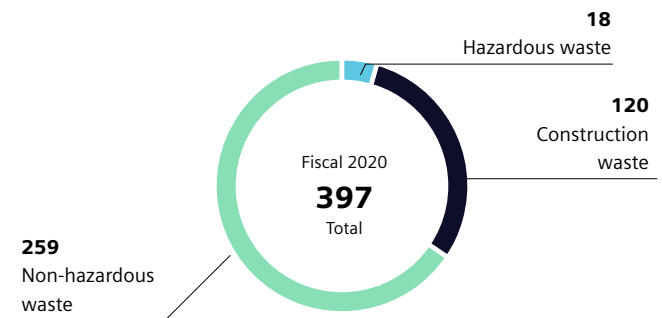
processes, resulting in a figure of 141 metric tons for environmentally relevant locations in the year under review compared to 133 metric tons in the previous year. The figure includes nitrogen oxides released during the incineration of fuels reported in the section on primary energy.

### Efficient waste management

Environmental relevance of waste depends upon the type of waste and the methods used to dispose of it. Our waste performance indicator takes into account both waste efficiency and the absolute reduction of waste for disposal. We distinguish between hazardous, non-hazardous, and construction waste. The groups of hazardous and non-hazardous waste are then further divided into recyclable waste and waste for disposal. Waste from construction or demolition work is reported separately as this type of waste material arises independently from production.

#### Waste

(in 1,000 metric tons)



Year-on-year, non-hazardous waste decreased by 3 %, and hazardous waste decreased by 0.4 %. For all waste types combined, the amount of waste at Siemens increased by 31 % compared to fiscal 2019. The reason for this is the amount of building rubble that was generated during the construction of the campus in Erlangen.

#### Atmospheric pollutant emissions

(in metric tons)	2020	2019
Volatile organic compounds	364	393
Ozone-depleting substances in metric tons of R11 equivalent <sup>1</sup>	0.085	0.109

<sup>1</sup> The R11 equivalent is a measurement for ozone depletion potential.

### Recycling and recovery rate

(in %)



Share of recycling and recovery in total waste<sup>1</sup>

<sup>1</sup> Excluding construction waste.

The recycling and recovery rate was unchanged at 93%.

### Water risks addressed

The aim of the Siemens water strategy is to minimize the local negative effects of our water consumption. It takes into account factors such as water scarcity, water pollution, flooding, and climate change consequences. All 180 environmentally relevant locations were analyzed using the Aqueduct Water Risk Atlas from the World Resources Institute (WRI). This is supplemented by a local assessment using an internally developed tool in which risks arising from site activities are assessed in relation to regional risks. Locations with a high risk must set targets to reduce it. In fiscal 2020, 95% of our locations have implemented this water strategy. Figures are calculated not including SHS.



**95 %**  
of our locations have implemented a water strategy

### Water consumption

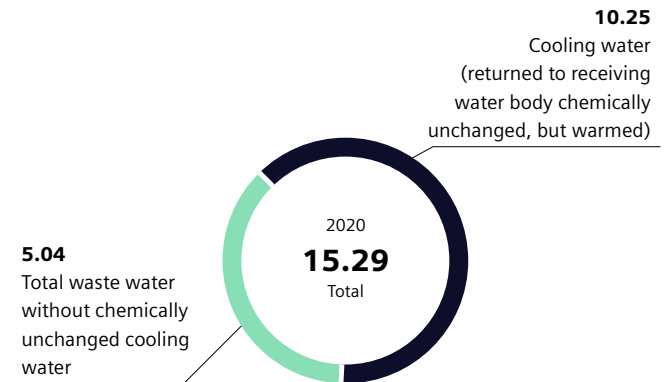
(in million cubic meters)

	2020	2019
Water consumption	<b>5.07</b>	5.22
Ground and surface water for cooling water purposes (returned to receiving water body chemically unchanged, but warmed)	<b>10.25</b>	11.79
<b>Total</b>	<b>15.33</b>	17.01

Our total water volumes have decreased overall due to the COVID-19 pandemic. In terms of volume, our water consumption is mainly due to cooling processes, with most of the water returning to the receiving water body in the same chemical quality as it was taken from the environment. The volume of waste water from production processes is approximately 0.6 million cubic meters.

### Wastewater

(in million cubic meters)



Further information on our water assessments and risks can be found via the Water CDP into which Siemens reports on a yearly basis.

## Initiatives for more biodiversity

Biodiversity is the variability among all living organisms from all sources and all the ecological complexes of which they form a part. When biodiversity decreases, ecosystems and their benefits are threatened, which costs society time and money and has a negative impact on health. Biodiversity is an aspect of Siemens environmental management, and many locations have implemented measures to promote biodiversity – some locations many years ago. In 2020, there were activities, such as nesting boxes of bees, insect-friendly meadows, support for nesting bird nesting, several tree planting events, roof greening, and the composting of green waste. In addition to this, Siemens supports local initiatives from employees who feel a strong sense of ownership and responsibility for their locations and wish to implement biodiversity measures.

## Environment-related incidents and penalties

We recorded 16 minor incidents in the year under review. Incidents are reported using the Siemens environmental reporting system. A total of 12 cases involved spills of wastewater, paint, diesel, and hydraulic oils. There were also losses of coolant in three cases and SF6 in one case. No fines from penalties in the year under review were reported.

## Methodology, environmental reporting, and collection of environmental data

In fiscal 2020, we used our environmental information system to analyze 216 reports from sites in all relevant countries where defined threshold values were exceeded for parameters such as energy use, resource consumption, and emissions within environmental management. To measure and monitor our environmental impact, we use absolute values, such as energy consumption in gigajoules. We report environmental data for continuing operations. Extrapolation to 100% was applied to reflect complete consumption in our figures. Due to the spin-off of Siemens Energy the extrapolation factor was adjusted for fiscal 2019 figures. The extrapolation figure was adjusted on square meetings not being part of the reporting system. The difference amounts to 22% of total square meters. We monitor our environmental impact for all office and production sites of environmental relevance, using environmental data gathered quarterly.

We calculate our environmental efficiency in industrial environmental protection on a portfolio-adjusted basis, as used to show the comparable revenue change in the annual report. Revenue change in this context means the change in revenue from fiscal 2019 to fiscal 2020, excluding currency translation and portfolio effects. This portfolio adjustment procedure was accordingly used for the environmental efficiency parameters of waste and primary energy. This approach enables us to monitor and compare our environmental impact over two consecutive fiscal years, independently of portfolio adjustments, while closely relating environmental performance to business success.

## 4.3

## Product stewardship

- **Resource efficiency throughout the complete life cycle**
- **Responsible action on critical substances and materials**
- **Strategic approach to reduce the impacts of plastic use**

Society's rising expectations regarding the environmental responsibility of companies have resulted in stricter legislation, but also in increasing requirements of our customers and investors. Consequently, the significance of ecodesign – which aims to take environmental aspects of products, services, and solutions throughout their life cycles into account in their design stage – is also on the rise.



### Our focus is on resource efficiency throughout the life cycle of a product

Our product-related environmental activities strongly reflect UN SDG 12, which aims to achieve a balance between economic growth and sustainable development by establishing sustainable consumption and production patterns. This field of action is perceived by Siemens as an opportunity, as increasing the efficiency and productivity of our solutions during their use by customers plays a leading role in the design and enhancement of our portfolio. Focusing on these aspects reduces the environmental impact of the final product, thereby supporting this SDG.

### Eco-friendly product design in line with established standards

The environmental impact throughout the life cycle of products, services, and solutions is largely determined when their design requirements are defined. The basic ecodesign objectives at Siemens include increasing resource efficiency and decarbonization during manufacturing, enhancing productivity and efficiency during use, and recycling-friendly product design to improve the recovery of materials.

These measures are planned, implemented, and continuously improved through our established environmental management system. Additionally, this approach is supported by our Product Eco Excellence (PrEE) environmental program and further initiatives such as the responsible utilization of plastic.

In accordance with the international IEC 62430 standard, the environmental standard at Siemens stipulates binding rules for the eco-friendly design of its business units' products and solutions that are implemented by way of annual environmental reviews in line with ISO 14001.

Our strategic focus in the development of our ecodesign approach lies first and foremost on increasing the resource productivity of our solutions in our customers' applications by optimally combining products and services throughout their life cycle. Right now, this is the most effective way of reducing environmental impact in the manufacturing industry and infrastructure technology. Further strategic aspects of eco-friendly product design at Siemens concern

the definition of requirements for the composition and assembly of products and solutions with regard to increasing recyclability, and hence to continuously improve material efficiency throughout the product life cycle.

We have also seized on the efforts to evolve this strategic focus further in the new EcoEfficiency@Siemens environmental protection program, which entered into force as from October 2020, by formulating corresponding business targets and key results

### Programs and initiatives strengthen ecodesign approach

The operative efforts in this fiscal year focused on completing the currently applicable PrEE environmental protection program and anchoring the reThink:Plastic@Siemens initiative. Both have been confirmed by the Environmental Council and/or the Global EHS Board.

#### Product Eco Excellence (PrEE)

PrEE acted as an integrated approach for improving transparency around product-related environmental impacts, increasing resource efficiency, and preparing for future market- and customer-specific requirements. The main PrEE program goals for the period up to 2020 were:

- Increasing the overall number and coverage of the portfolio with life cycle assessment (LCA) and environmental product declarations (EPD)
- Improvements related to data collection and processing for declarable substances – potentially hazardous substances such as those on the REACH Candidate List, known as substances of very high concern (SVHC)
- Reducing the use of critical materials in line with the European raw materials initiative

#### Product Eco Excellence (PrEE) targets 2020



<sup>1</sup> LCA = Life cycle assessments.

<sup>2</sup> EPD = Environmental product declarations.

#### Life cycle assessments and environmental product declarations deliver transparent information

To define environmental measures when designing products, services, and solutions, we employ quantitative methods such as LCAs in accordance with ISO 14040/44 using established modeling tools and databases to estimate the environmental impact of our portfolio. In addition, we use EPDs in accordance with ISO 14021 and 14025 for communication purposes.

Both LCAs and EPDs deliver detailed information about the environmental impact of products, services, and solutions throughout their life cycles. Whereas screening LCAs cover environmentally relevant parts or stages of a product life cycle, full-scale LCAs adopt a comprehensive approach, covering the environmental impacts over the entire life cycle. We also conduct LCAs for entire industrial systems to take a holistic perspective for the assess-

ment of their environmental aspects and decide on optimizations. LCAs and EPDs therefore help us meet customer demands regarding environmental performance.

By the end of the term of PrEE, we had achieved a portfolio-adjusted coverage ratio in terms of portfolio revenue in fiscal 2020 of 70 % (Full-scale LCAs) and 71 % (EPDs). The coverage ratio of screening LCAs slightly increased compared to the previous reporting period, whereas the coverage ratio of full-scale LCAs increased by 9 % due to additional life cycle analyses. The coverage ratio of EPDs decreased by 1 % from fiscal 2019 to fiscal 2020. However, a detailed analysis shows an increase of the total number of LCAs (full-scale and screening) of 3 % and of 9 % for the total number of EPDs. The figures for fiscal 2019 have been adjusted to reflect the changes in the business structure and therefore differ from last year's report.

#### Life cycle assessments and environmental product declarations

(Percentage of revenue covered <sup>1</sup> )	2020	2019
Full-scale LCAs	<b>70%</b>	64 %
Screening LCAs	<b>60%</b>	58 %
EPDs	<b>71%</b>	72 %

<sup>1</sup> We consider the revenue of a business unit in relation to Siemens revenue once we have carried out at least one full-scale LCA, screening LCA, or EPD for their products or systems. No product-related coverage is calculated.

#### Risk-conscious approach to declarable substances

A risk-conscious approach to problematic and potentially hazardous substances plays a key role in product stewardship. As part of PrEE, we have established important principles for the digital, automated, and efficient data processing of substance-related information. Among other things, we have achieved an increase in the use of the industrial substance data platform BOMcheck by our suppliers and have continuously improved internal IT procedures and processes, allowing us to proactively shape the management of risks associated with substance-related restrictions.

#### Use of critical materials reduced

The EU list of critical raw materials, which includes some of the eight critical materials in the current Siemens environmental program, was expanded from 14 to a total of 27 substances between 2011 and 2020. Further critical raw materials are expected to be added in the years ahead as part of the Circular Economy Act (Kreislaufwirtschaftsgesetz), illustrating the relevance of this topic.

Siemens has reacted accordingly by creating the Critical Materials PrEE program module and working to sensitize employees to the subject in the business units. To this end, eight material groups have been defined as critical and subjected to central monitoring. In addition, the module has been supported by a center of excellence that initiated various measures, such as workshops, in order to achieve a reduction in these materials. As a result, the company was able to reduce the purchasing volume of these eight material groups by 38 % over the term of the PrEE module from fiscal 2015 to 2020. This reduction was attributable to a variety of aspects, including:

- Reducing critical materials through technological shifts (for example from magnet technology to transponder technology in rail transport)
- Directly substituting critical materials (for example by shifting from rare earths to ferrite magnets in building technology motors)

Following the completion of PrEE in fiscal 2020, the corresponding requirements regarding the management of critical materials were incorporated into the environmental standard.



### **reThink:Plastic@Siemens**

In light of the substantial rise in the use of plastics in various fields, Siemens has decided to address this topic through a strategic initiative called reThink:Plastic@Siemens. The aim of the initiative is to encourage the responsible, sustainable use of plastics as part of the company's product stewardship efforts. According to the analysis performed as part of the initiative, the increasing use of plastics is motivated by technical and economic reasons. In most cases, however, using plastics also offers environmental benefits compared to other materials. Consequently, it is important to differentiate between the use of technical plastics in products with life cycles of ten to 30 years on average and the use of "disposable" plastics that are employed in packaging and other goods at production or office sites. Different approaches are therefore necessary for each kind of plastic use.

Disposal with the aim of recycling the substances contained in plastics presents a fundamental challenge. The reThink:Plastic@Siemens initiative is designed to provide the market with momentum by increasing the proportion of plastic recyclates in technical plastics and packaging materials while also reducing disposable plastics. Siemens also joined the European Circular Plastics Alliance in 2019 in order to engage in discourse with the various interested players at the European level and contribute to the decision-making process.

# Social

## Contribution to people and society

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



17 PARTNERSHIPS FOR THE GOALS



We put people front and center. We promote the safety, education, and well-being of our employees through a multitude of programs, and we are committed to the sustainable development of society. At Siemens, we value diversity as the inclusion and collaboration of different thinking, backgrounds, experiences, expertise, and individual qualities across all organizational levels.

## 5.1

# Working at Siemens

- **Global values and corporate culture**
- **293,000<sup>1</sup> employees worldwide**
- **Supporting employees by offering attractive benefits**

Our world is constantly changing. Globalization, urbanization, and digitalization are changing the way we conduct our business. Yet within these transformations lie both challenges and opportunities. We are increasingly collaborating with colleagues from around the globe. Digital communication solutions and mobile working help us to do this. As a company, we are continuously working on future-oriented solutions to ensure that we can tackle the challenges posed by these transformations.

We owe our continued economic success to our employees, because the diversity and excellence of our talented workforce around the world stand for “Ingenuity for life” at Siemens. We do everything in our power to attract and retain the best candidates. We aim to be the employer of choice and promote a culture of diversity and equal opportunity. We are also a family-friendly company. Our aim is to treat everyone fairly and with respect, without regard to skin color, ethnic or social origin, religion, age, disability, sexual identity, worldview, or gender. More information on human rights in the workplace is provided in chapter [➤ HUMAN RIGHTS](#).

<sup>1</sup> All figures in this chapter refer to headcount.

We will only be successful in the future if we involve our employees, train them, and prepare them in the best possible way for the upcoming changes. Our company’s success depends more than ever on the skills and commitment of our employees and our attractiveness as an employer. It is important to us to offer our employees an attractive working environment with transparent structures and processes in order to meet the requirements of the digital transformation and other megatrends. We also have to be able to rise to the challenge of crises such as a pandemic, and to strengthen the company’s ability to transform and innovate sustainably. We have highlighted certain UN SDGs as particularly relevant to the area of working at Siemens. These are SDG 4 “Quality Education,” SDG 5 “Gender Equality,” SDG 8 “Decent Work and Economic Growth” (which extends beyond mere job creation to encompass quality of work), and SDG 10 “Reduced Inequalities.” Siemens Human Resources (HR) promotes the achievement of these goals.

Siemens HR supports our managers in the successful implementation of the Siemens [Vision 2020+](#) strategy program, in achieving our corporate goals, in implementing the organizational transformation of the company, and in supporting cultural change processes. The strategic HR goals (“Be an employer of choice” and “Ignite pride and passion for Siemens through ownership culture”) are based on the corpo-

rate values and goals (see chapter [SIEMENS AT A GLANCE](#)) and ownership culture, which are firmly anchored in our [Siemens Vision 2020+](#) strategy program and in our [Siemens Business Conduct Guidelines \(BCGs\)](#).



### Forbes World's Best Employers 2020 Siemens #1 in Germany and #9 worldwide

#### Our guidelines and commitments

Our Siemens [Business Conduct Guidelines \(BCGs\)](#) set out the basic principles and rules for our conduct, both within and outside of the company. Our basic principles guide all our decisions and our overall conduct as employees of Siemens. The BCGs specify selected requirements such as human rights and core labor standards, as well as our sustainability efforts. The BCGs are mandatory for all employees, managers, and the Managing Board around the world.

#### Our basic principles are:

- We behave correctly
- We respect each other
- We create trust
- We protect our company
- As managers, we have a special responsibility

In addition, the BCGs also provide instructions for the use of our [Tell Us](#) reporting channels and the [Ombudsperson](#) central compliance office, which help to ensure possible misconduct is reported, thoroughly investigated, and clarified. More information on compliance is provided in the chapter [COMPLIANCE](#).

#### Strong influence through ownership culture

The Siemens [Vision 2020+](#) strategy is based on our corporate culture, our values, and on what we stand for as a company – how we achieve sustainable success. We want to foster a global [ownership culture](#) worldwide and aspire to empower all our employees to take responsibility in their roles. Our guiding principle for the Siemens ownership culture is: “Always act as if it were your own company.” More information on Vision 2020+ and the goals is provided in the chapter [SIEMENS AT A GLANCE](#).

Our [ownership culture](#) consists of five components: values, behavior, leadership, people orientation, and equity culture. While behavior, leadership, and people orientation reflect the ownership mentality, our “responsible, excellent, and innovative” values form the basis of the ownership culture. The next generation of Siemens will be inspired by its corporate purpose and connected by its ownership culture. We stand for a leadership culture based on shared values, innovative spirit, employee orientation, and diversity. Our ownership culture is anchored in our programs, structures and processes – examples are the Werner von Siemens Award, the Performance Management Process (PMP), and our worldwide employee survey SGES. The results of the employee survey are used to evaluate the effectiveness and success of our actions at regular intervals and, if necessary, to derive measures for improvement. The last Siemens employee survey in May 2019 achieved a response rate of 64%<sup>1</sup>. The average approval rate for relevant aspects of innovation, diversity, transparency, and leadership was 71%<sup>1</sup>.

<sup>1</sup> Without Siemens Healthineers

## Siemens shareholder program strengthens identification with the company

Owning shares is a core aspect of the Siemens **ownership culture**. It is intended to motivate every employee to take personal responsibility for their own actions within the company, thereby ensuring the long-term success of the company. Ownership culture has a long tradition at Siemens: The first profit-sharing program was introduced back in 1858. Since 1969, Siemens has offered its employees in Germany a shareholder program. Today, the global **Siemens shareholder program**, which has been offered annually since 2008, is one of the largest employee shareholder programs in the world. More than 102,000 employees invested in their company<sup>1</sup> in 2020, which means that 44% of all eligible employees<sup>2</sup> participated. In addition, Siemens distributed approximately 363,000 free bonus shares to employees who participated in the global shareholder program in fiscal 2017 with a holding period of three years.

Ownership culture is also an important aspect throughout the Siemens subsidiaries. One example is Siemens Healthineers, where eligible employees can participate in the separate shareholder program of Siemens Healthineers AG.

## Werner von Siemens Award

We have been honoring outstanding employees from all organizational units of our company since 2015. The **Werner von Siemens Award** is presented in six different categories and recognizes achievements that have a positive impact on our business and strengthen our corporate culture. The trophies are awarded to teams of applicants who have, for example, built a forward-looking customer relationship, introduced an innovative technology to the market, acted as a role model in digitalization, or been involved in an initiative that is characterized by inventive talent and social responsibility. In 2020, more than 10,000<sup>3</sup> employees participated in the various phases of the Werner von Siemens Award, with 587<sup>3</sup> applications submitted.

## Employee structure and development

As of September 30, 2020, Siemens employed 293,000 people around the world. This is a decline of 2,000 people from September 30, 2019; 59% of all employees were in Europe, the Commonwealth of Independent States (CIS), Africa, and Middle East, 19% in North America, Central America, and South America, and 22% in Asia and Australia. Of our employees, 94% have permanent contracts. In Asia and Australia, around one-fifth of the contracts are temporary, while in the other regions more than 95% of our employees have permanent employment contracts.

The proportion of women as a percentage of the total workforce is 26%.

<sup>1</sup> Without Siemens Healthineers.

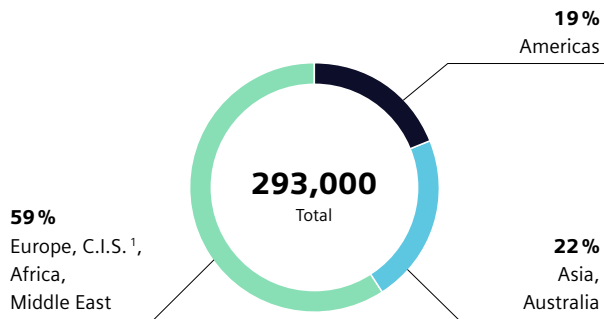
<sup>2</sup> Participation is open to all employees who are employed by a participating Siemens subsidiary on October 1st of the relevant calendar year and who continue to be employed by a participating Siemens subsidiary at least until the last day of the applicable offer period. Members of the Management Board are excluded.

<sup>3</sup> The Werner von Siemens Award 2020 includes Siemens Energy.

## Siemens employees

(as a % of total number of employees)

September 30, 2020



26%



Proportion of women as a percentage of total employees

<sup>1</sup> Commonwealth of Independent States.

## Hires and exits

The number of hires fell by approximately 25 % compared to fiscal 2019, while the number of exits fell by 10%.

The percentage of dismissals – as a percentage of all employee exits – in the reporting period was 15% compared to 10% in the previous year. All other deviations result from changes in the basis of consolidation and other changes.

## Siemens employees hires

(in thousands)	Fiscal year	
	2020	2019
Siemens	<b>25.2</b>	33.8
Europe, C.I.S., <sup>1</sup> Africa, Middle East	<b>11.7</b>	16.5
Americas	<b>7.5</b>	8.5
Asia, Australia	<b>6.0</b>	8.9

<sup>1</sup> Commonwealth of Independent States.

## Women hired

(% of new hires)	Fiscal year	
	2020	2019
<b>Siemens</b>	<b>30</b>	29
Europe, C.I.S., <sup>1</sup> Africa, Middle East	<b>29</b>	29
Americas	<b>32</b>	28
Asia, Australia	<b>29</b>	29

<sup>1</sup> Commonwealth of Independent States.

## Employee turnover rate<sup>1</sup>

(in %)	Fiscal year	
	2020	2019
Employee decision	<b>3.5</b>	4.6
Other reasons for exit	<b>4.8</b>	4.8
<b>Total</b>	<b>8.4</b>	9.3

<sup>1</sup> Employee turnover rate is defined as the ratio of voluntary and involuntary exits from Siemens during the fiscal year to the average number of employees.

## Working hours and working time arrangements

### Average standard weekly working hours<sup>1</sup>

(in hours)	September 30	
	2020	2019
Siemens	<b>39.3</b>	39.3
Europe, C.I.S., <sup>2</sup> Africa, Middle East	<b>37.9</b>	37.9
Americas	<b>41.1</b>	41.1
Asia, Australia	<b>41.6</b>	41.5

<sup>1</sup> Contractual weekly working hours.

<sup>2</sup> Commonwealth of Independent States.

### Use of working hour programs at Siemens

(in thousands)	September 30,	
	2020	2019
Part-time	<b>13.9</b>	14.1
Employees on leave or absence	<b>6.2</b>	6.2

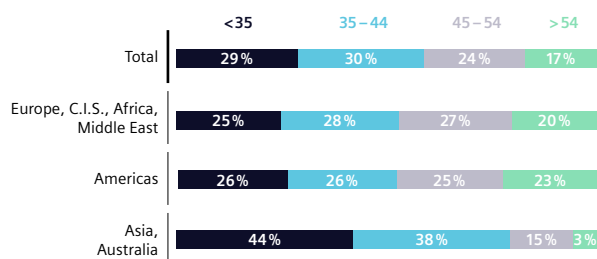
## Changes in the age distribution

The distribution of employees by age group remained almost unchanged from the previous year. The average age in the reporting period was 41 years.

### Age structure

(as a percentage of total employees)

September 30, 2020



1 Commonwealth of Independent States.

## Attractive employee benefits and offers

Given the large number of countries in which Siemens operates worldwide, the benefits we offer vary according to the needs of our employees and the local social environment. However, we act according to a uniform philosophy by offering our employees benefits that support their physical, mental, and financial well-being. These benefits may include retirement plans, employee assistance programs, Group insurance benefits, and elective benefits, to name a few. We also pay attention to diversity and inclusion in the benefits we offer to ensure that our benefits adequately meet the needs of our diverse employee groups and their families. Our range of benefits plays a key role in supporting the Siemens culture as a caring and attractive employer. A globally acting team of compensation and benefits experts help make sure that our benefits are competitive, compliant, and financially sustainable.

**Siemens Private Finance (SPF):** For the employees and pensioners of the Siemens Group (and their relatives), and for the workforces of other companies in Germany, we broker a broad portfolio of attractive and premium financial service products in the areas of insur-

ance, pensions, financing, and investments (e.g. mortgage lending and investment funds).

## Pension

We offer defined benefit and/or defined contribution pension plans. The largest pension plans are in Germany, the United States, the United Kingdom, and Switzerland. Contributions and amounts recognized as expense to state and defined contribution plans were €1,888 million in fiscal 2020. Thereof, amounts recognized as expense for defined contribution plans were €495 million. Contributions to state plans amounted to €1,394 million. Employer contributions to defined benefit plans amounted to €2,898 million<sup>1</sup>. The company's major defined benefit plans are funded with assets in segregated entities. In accordance with local laws, these plans are managed in the interest of the beneficiaries by way of contractual trust agreements with each separate legal entity. The defined benefit plans cover 444,000 participants, including 177,000 actives, 85,000 deferreds with vested benefits, and 182,000 retirees and surviving dependents.

The Siemens Group also takes a sustainable approach with respect to the oversight of the pension investment process according to an ESG framework.

Siemens Pensionsfonds AG has been a PRI<sup>2</sup> signatory since 2020. All asset managers must be PRI signatories and be able to provide evidence of an ESG policy. ESG factors are integrated into the investment process. Siemens Pensionsfonds AG invests selectively in liquid asset classes, with a focus on companies that have an above-average ESG rating (best-in-class approach). Key elements of the ESG reporting are ESG scores as well as the carbon footprint of the portfolio.

The internal asset manager, Siemens Fonds Invest GmbH, has also been a PRI signatory since 2020.

<sup>1</sup> Including Siemens Energy.

<sup>2</sup> Principles for Responsible Investment.

## Work-life balance

There is increasing desire for more flexibility and individual solutions depending on the phase of life when it comes to organizing working hours and place of work. For this reason, we offer our employees flexible working models, which are regulated in the individual countries according to the legal requirements and to the extent that they are compatible with the function of the employees. Examples of this include mobile working, part-time hours, sabbatical, time out, parental leave, and partial early retirement.

- **Mobile working** will, in our opinion, establish itself after the pandemic as the core element of a new normal and promote a sustainable work culture and working environment (see chapter [THE COVID-19 PANDEMIC](#)). By further developing the existing regulations for mobile working, we also want to motivate our employees, improve the company's performance, and strengthen Siemens' profile as a flexible and attractive employer, to the extent that this is compatible with the function. The new mobile working and flexibility of place of work of the hybrid New Normal Working Model affect more than 140,000 of the company's employees at over 125 locations in 43 countries. The new normal also strengthens our ability to attract and retain the best talent for Siemens and increase diversity.
- Furthermore, in Germany we also promote the balance of working while caring for close relatives. Siemens is aware of the growing importance of this subject and supports its employees who care for close relatives. We offer these employees various support options within the framework of **Elder Care**. This program is based on five pillars: time off work and flexible working, communication, advice, and training on health matters.

## Childcare at Siemens

As part of the family-friendly corporate policy, Siemens AG supported employees in Germany with a tax-free childcare allowance of up to €100 per calendar month per child for the care of non-school-age children in a kindergarten or similar establishment for fiscal 2020. In addition, Siemens AG grants its part-time employees in Germany (15-30 hours per week) a further tax-free childcare allowance during parental leave. For fiscal 2020, this amounted to up to €500 per child and per calendar month for childcare in a kindergarten or similar establishment up to the age of 14 months after the birth of the child.

For employees in Germany, there are also further offers, such as around 1,800<sup>1</sup> childcare places, a summer vacation childcare program, and parent-child health retreats.

## FutureOfWork@SIEMENS initiative

The future of work at Siemens – our joint mission: As a future-oriented company, we have the responsibility to look beyond our products and processes and actively consider and shape the influence of current and future trends on our people, our work, and our working environment. This is what lies at the heart of the **#FutureOfWork** initiative. This initiative involves two essential questions: HOW will we work in the future (**#NewWork**) and WHAT will we work in the future (**#NextWork**)?

- **#NewWork** includes making organizations more flexible and developing individual and organizational adaptability. The focus is on how working methods and collaboration look like today and tomorrow – in order to ensure we continue as a viable employer in the future. In numerous initiatives, we examine aspects and questions relating to agile forms of organization, new forms of collaboration, leadership, and flexible working conditions.

<sup>1</sup> Childcare places for Siemens Energy included, but excluding Siemens Healthineers.



→ **#NextWork** addresses the existential question of our future jobs, namely which activities and roles will exist tomorrow and in the future – in our company and beyond. In this context, we identify the competencies needed to enable an organization as a whole, but also at the level of the individual employee to prepare for tomorrow's work. The further development of our company as a learning organization is a fundamental prerequisite and consequence of this.

Essential for this collaborative design of **#NewWork** and **#NextWork** is a cultural change, which can only be shaped by the cooperation of all employees.

### Our talent programs for individual career paths

We make a sustainable contribution to the diverse and agile management generation of tomorrow through the integration and development of external management trainees.

→ The **Siemens CEO\* Program** is an exceptional opportunity for outstanding candidates in the field of general management. By specifically de-

veloping their leadership skills, the program prepares participants for future management positions at Siemens.

→ The **Siemens Finance Excellence Program (FEP)** is a finance leadership program and a stepping stone for leaders in finance. All FEP associates are assigned a personal mentor from the Siemens' top finance executives.

→ The **Siemens Graduate Program (SGP)** is an international trainee program that offers a personalized career path for master graduates with high potential.

[MORE INFORMATION](#)

## 5.2

## Employee diversity

- **An open corporate culture that does not discriminate**
- **Strengthening appreciation of diversity through the Diversity Charta, events, and networks**
- **Our goal: 20% women at each of the two management levels below the Managing Board by the end of June 2022**

In times of change, it is more important than ever to strive for diversity and integration. Diversity strengthens the competitive and innovative ability of Siemens, realizes the full potential of our workforce and thereby contributes directly to business success and social development. At Siemens, diversity stands for the inclusion and collaboration of different ways of thinking, backgrounds, experiences, competences, and individual qualities across all levels and dimensions of the company.

We actively promote diversity and equal opportunities by creating a working environment that is open to all. Our commitment to [human rights](#) is anchored in the [Siemens Business Conduct Guidelines \(BCGs\)](#). We do not tolerate discrimination of any kind. These clearly state: “We respect the personal dignity, privacy, and rights of each individual.” The BCGs make it clear that Siemens undertakes to maintain a workplace that is open to everybody regardless of skin color, ethnic origin, religion, age, disability, sexual identity, world view, and gender. More information on human rights in the workplace is provided in chapter [➤ HUMAN RIGHTS](#).

With our inclusion policy, we support and maintain:

- a working environment that promotes high-quality performance and individual commitment as a function of diverse teams;
- a company with a diversified pool of employees who want to progress within the company;
- an attractive image as a company that welcomes employees who think differently.

### Diversity management in charge of activities

At Siemens we can build on established structures and many years of experience in the area of diversity.

We have implemented various diversity initiatives in many dimensions for eleven years now. In addition, we have the function [Chief Diversity Officer \(CDO\)](#) and the global Diversity Officer and respective local contacts in place.

In November 2019, Siemens AG and the company’s Central Works Council agreed on the Diversity Charta of Siemens AG for Germany. The strategic relevance of diversity and the key principles for valuing diversity are anchored in this charter.

We regularly hold events on the topic of diversity at all relevant Siemens companies and businesses to raise awareness of this important matter. Through sponsorships and strategic partnerships, we are also involved in other formats and initiatives, such as the “Charta der Vielfalt” and the “Chefsache” initiative.

There are more than 80 active diversity networks around the world, such as Pride@Siemens, networks for women, and networks related to generations (GENE).

We also continually review a number of measures to increase diversity. The effectiveness of the implementation of diversity initiatives is regularly monitored through key figures and published in our Diversity & Inclusion Fact Sheet.

Siemens has received a lot of diversity awards, certificates, and distinctions worldwide for its commitment in this regard.

### Pride@Siemens: Network for the LGBTIQ community

Siemens supports the UN Initiative for Global LGBTIQ\* Standards of Conduct for Business. Rainbow flags fly from many locations in the run-up to Christopher Street Day. This is how Siemens takes a stand and commits to “color for more openness,” a signal to all that everyone is welcome, whatever their sexual orientation. We also help our LGBTIQ\* employees from around the world to network with each other. For example, [Pride@Siemens](#) is a network for employees who identify as lesbian, gay, bisexual, transsexual or intersex, and for their supporters (known as allies).

### Dealing with unconscious bias

In order to facilitate the transition to a more inclusive and open culture in the company, it is particularly important to deal with the issue of unconscious bias. Understanding the possible effects of unconscious thought patterns on a global company with diversified businesses and various interest groups is the prerequisite for creating added value for Siemens and its customers.

In view of this, a voluntary online training course has been offered since 2018. By September 2020, around 170,000 employees had completed the roughly 30-minute online training course on “Unconscious Bias – Making Better Decisions.” In the past four years, a lot of training sessions have been organized with participants from management and human resources. In addition, we have introduced specific measures at the level of individual decision-making and, for example, behavioral-based interviewing as a globally standardized tool to reduce the potential impact of unconscious bias.

### Women in the workforce

In 2020, the percentage of women in the workforce at Siemens remained at 26%.

#### Employees in management positions<sup>1</sup>

September 30, 2020



Employees in management positions

**27,200**



Percentage of female employees in management positions

**18.4%**

<sup>1</sup> Employees in management positions include all managers with disciplinary responsibility.

By June 30, 2017, Siemens had achieved its goal of 10% women at each of the two management levels below the Managing Board, and had overachieved this goal on September 30, 2020. The Supervisory Board meets the statutory gender quota of 30% women. Nevertheless, we are striving for further improvement in the area of gender equality. Our commitment to promoting women at all levels of the company does not stop at compliance with legal requirements. Siemens AG intends to increase the proportion of women in management positions.

For the two senior management levels directly below the Managing Board, the target figure was set at 20%, to be reached in each case by the end of June 30, 2022. In addition, we continue to support various initiatives, programs, and measures to promote a cultural shift toward gender parity, diversity, and integration. The Accelerate Europe program was launched in September 2019, with participants from various European countries taking part in workshops and coaching sessions and exchanging ideas with senior management. Among the numerous women networks there are:

- “Leading Women in Industry (LWI)”: The internal LWI network is committed to the goal of helping more dedicated women take up management positions. The implementation of this mission is driven by strategic fields of action such as flexible working hours and individual career development.
- “Global Leadership of Women@Technology & Innovation (GLOW@TI)”: This internal network for women with a scientific background aims to promote the career of women.
- “GROW2GLOW”: The GROW2GLOW network provides business coaching for women to encourage them to realize their full potential.

## Inclusion of people with disabilities

Siemens advocates equal opportunities for people with disabilities, their inclusion in society and the workplace, and their self-determined participation and right to be treated with respect.

The “Ability@Siemens” initiative aims to promote a culture of integration for the more than 5,300 disabled employees currently working at Siemens in Germany. To this end, Siemens AG concluded a groundbreaking inclusion agreement with the General Representative Board for Disabled Employees in 2018.

We want to continue our efforts to make our workplaces accessible to people with disabilities. This is already the case in Germany, but we want to export the idea of Ability@Siemens around the world, for example by using IT applications, communication, and training without obstacles. Skills are what count at Siemens; disabilities must not play a role. We are therefore also working to achieve a barrier-free working environment. This includes simple things like an elevator, subtitles in videos (e.g., in global webcasts and mandatory training sessions), or transcriptions that can be read aloud when using a computer.

[MORE INFORMATION](#)

## 5.3

## Professional education and lifelong learning

- **Broad portfolio for vocational education and training, as well as lifelong learning**
- **“My Learning World” is the main place to access internal and external learning activities**
- **Future Fund for structural transformation**

Our company's success is inseparably connected with highly qualified employees: The right employees with the right skills are crucial to our further growth, and this is why we invested over €321 million in vocational education, training and professional development in fiscal 2020.

### Vocational training to start your career

Through its educational institution “[Siemens Professional Education \(SPE\)](#),” Siemens is one of the largest training companies in Germany for secondary school graduates. At present, the number of apprentices and students in dual study programs in Germany is 4,814, of which 890 are employed by other companies and 3,924 work internally at Siemens. In autumn 2020, 1,161 school graduates took up an apprenticeship or began a dual study program. We also train 2,000 young people around the world, as well as those in Germany. Our SPE program includes apprenticeships and dual-study programs in technical, IT, and commercial fields.

In fiscal 2020, Siemens in Germany made around 10% of these apprenticeship positions available to disadvantaged young people who could not find another training position. In addition, SPE provides support classes for refugees as part of a special integration initiative.

Every year, we welcome apprentices from European and non-European countries as part of the “[International Tech Apprenticeship@Siemens \(ITA@S\)](#)” program. In total, more than 50 young people from 15 countries are currently undergoing vocational training in electronics engineering or mechatronics at Siemens in Berlin as part of the ITA@S program.

### Lifelong learning is crucial to success

Over the last fiscal year, Siemens spent €162 million on employee training, which corresponds to an average of €551 per employee, this is 25% less than in the previous year due to COVID-19. We have a wide range of learning content and formats for the training of our employees.



# €162 million

invested in employee training.

This equated to an average of €551 per employee in fiscal 2020.

“[Global Learning Campus \(GLC\)](#)” is an in-house training establishment that offers training to employees around the globe. The courses help employees to develop their own skills, support managers in team development, and assist those in charge of key operations to think strategically and change procedures and processes. On average, each employee spent about 17 hours in training during the fiscal year, this is 17% less than in the previous year due to COVID-19.

More information on training and further development at Siemens is provided at [NEW.SIEMENS.COM/GLOBAL/EN/COMPANY/SUSTAINABILITY/EDUCATION](https://www.new.siemens.com/global/en/company/sustainability/education)

## Employee development programs tailored for use globally or locally

The Siemens “Core Learning Programs (CLP)” are specially designed for sales, project management, procurement, production, or research and development, for example. In fiscal 2020, a total of 44 Core Learning Programs were made available to the relevant target groups around the world. The qualifications obtained are internationally comparable, open up career opportunities for employees throughout the entire company, and thereby support and promote systematic personnel development.

In addition to various training courses for the further development of our employees, Siemens offers more than 30 local “Potential Development Programs (PDP)” for selected employees with potential. PDPs promote the personal and professional development of employees showing high potential and contribute significantly to strategic succession planning. In addition to targeted (virtual) development measures such as training, mentoring, or assignments abroad, participants benefit from the expansion of their professional network and increased visibility towards the management. Some of these potential development programs are specifically designed to promote women.

The “GLOW@TI (Global Leadership of Women@Technology & Innovation)” initiative is focused on attracting, developing, and retaining female talent with a background in technology and innovation. It supports women in realizing their full potential and promotes a culture of innovation through strong networks between departments and organizations. GLOW@TI offers networking inside and outside Siemens as well as mentoring, coaching, and leadership training. GLOW@TI aims to change the traditional view of Innovation & Leadership and develop new role models. We believe that a greater diversity of talent at all

levels of the organization is the basis for achieving our business goals and attracting and retaining talent.

The “Siemens Leadership Excellence Programs (SLE)” are aimed at high-ranking managers and junior staff with opportunities for advancement. The programs teach these people to identify sustainable and effective solutions. SLE also supports us in building a strong global network of managers and promoting our corporate culture.

## Future-oriented learning and career development instruments

“My Growth” combines our learning and career development tools and content. It is made up of two parts: “Own your Career (OYC)” and “My Learning World.”

**Own your Career (OYC):** “My career lies in my hands”: This concept allows you to shape your own individual career development and has a modular structure. The core elements are “Open Job Market,” “Job Tagging” to show your interest, online “People Profile” to increase visibility, “Strengthscope” to find out your strengths, “Job shadowing,” and “Mentoring.”

Our online learning platform **My Learning World** offers more than 59,000 learning resources, which aim to meet employees’ various interests or special requirements. Employees can find a large number of learning formats such as videos, e-learning modules, virtual courses, technical literature, podcasts, and e-books. Through the use of artificial intelligence, the respective employees are also recommended individual learning content that is based on their usage behavior. All learning content is digitally available and can be accessed at any time.

The “Performance-Management-Process (PMP)” focuses on developing our employees in their current role and on strengthening their performance. The continuous dialogue between employees and management creates transparency and a common understanding.

The “Multi-Source-Feedback” tool is an anonymous survey. It provides a valuable contribution to the continuous dialog between colleagues and supports a culture of collaboration and trust. The feedback channel is available online all year round.

### Future Fund supports transition to new working world

Siemens AG and the Central Works Council of Siemens AG intend to proactively shape the structural transformation. Together we want to create a learning organization that minimizes the risks of the structural transformation, while at the same time optimizing the chances of change in the interest of the employees. Our employees must be given the opportunity to continue working in new jobs that are sustainable both today and in the long term. A “Future Fund” has been created for this purpose, which is intended to enable training and learning with many

new approaches going beyond what is currently on offer. The Future Fund promotes development programs that give employees new guidance in an employment environment that is constantly changing. It finances projects that support the exchange of knowledge and capacities in the context of structural changes across locations. The implementation on site is supported by the management and works councils.

A total of up to €100 million<sup>1</sup> has been made available for the Future Fund for four (fiscal) years starting in January 2019. Approximately €27 million<sup>1</sup> was approved for Future Fund projects in fiscal 2020. Financing will be allocated by an awards committee comprising members of the Central Works Council and an equal number of management representatives.

<sup>1</sup> All figures on Future Fund include Siemens Energy.

## 5.4

## Occupational health and safety

- **Commitment to employees, customers, suppliers, and business partners**
- **Obligation for certifiable management systems according to ISO 45001**
- **Measures and programs in all areas of business and national companies**

Occupational health and safety management is central to our business practices and our commitment to sustainability. It is reflected in our Business Conduct Guidelines (BCGs), our internal control systems, and our company-wide risk management.

For us, occupational health and safety extends far beyond simply complying with laws and standards. Our philosophy is not only to maintain the health and wellbeing of our employees, but to actively promote and improve it. This principle applies to our employees as well as to our customers, suppliers, and business partners. Health and safety form the basis and prerequisite of our entrepreneurial activities and shape how we act. Occupational health and safety is also directly related to SDG 3 – Good Health and Well-Being and SDG 8 – Decent Work and Economic Growth.

### EHS management places the role of employees front and center

Our goal is to integrate occupational health and safety into all business processes and keep it alive and tangible in our corporate culture. The focus is on actively involving all employees in shaping their working conditions and working environment.

The Siemens EHS Principles represent the central and binding anchor point of our actions. They place the obligation on all operational units to establish a management system that can be certified according to ISO 45001. By the end of the transition period in 2021, all operational units should have completed the conversion to ISO 45001. The effectiveness of the management systems is subject to an annual internal review and is also externally certified in many operating units.

The Environmental Protection, Health Management and Safety (EHS) professional function carries most of the responsibility for this at Siemens. It is organized locally, integrated into each area of business and in each national company, and directly assigned to the respective business managers. The EHS Officers coordinate collaboration with experts in the various fields of action. The main task of this professional function is to advise managers and employees and support them in their individual areas of responsibility. The profile of this function has changed significantly in recent years. The focus is now on supporting employees in dealing with dynamically changing requirements in a secure manner instead of on monitoring compliance with rules and workflows. In the COVID-19 pandemic, the EHS professional function proved its efficiency and enabled a fast, effective, and locally adapted response to ensure the occupational health and safety of employees.

Together with the global professional community and the management of the operating units, we have developed the EHS Strategy 2020+. Its aim is to



better integrate occupational health and safety into all work processes and to make it a matter of course – by developing skills and a positive attitude to occupational health and safety.

The Coach & Control approach in Germany is a practical example of the application of EHS principles. Its core elements are the presence and continuous dialogue of occupational health and safety experts with the respective site management and employee representatives on site in order to adapt and improve working conditions through targeted measures.

We also promote constant interaction and further training in this area across functional and organizational boundaries. Occupational health and safety is an integral part of Siemens' management programs at all levels, as is the constantly expanding Siemens "Learning World." The Future Skills@EHS initiative enables employees in the specialist function to take advantage of further training opportunities in areas of competence that are important in the digital working world, such as digital communication, virtual collaboration, and data analysis and interpretation.

In many areas of business we collaborate with contractors to provide services to our customers. We therefore share responsibility for occupational health and safety. It is not sufficient to oblige the contractors to commit to our requirements. Instead, we want to support them as partners in the best possible way in the interests of our customers. Continuous dialogue in terms of Coach & Control is crucial in this, too. In India, for example, contractors go through a qualification process and participate in a joint program in which mutual expectations are clarified and implementation skills are developed. This helped to fully prevent any serious accidents from occurring at contractors in India last year.

## Programs to boost health and safety culture

In recent years, we have further developed our occupational health and safety management with the company-wide programs Healthy@Siemens and Zero Harm Culture@Siemens.

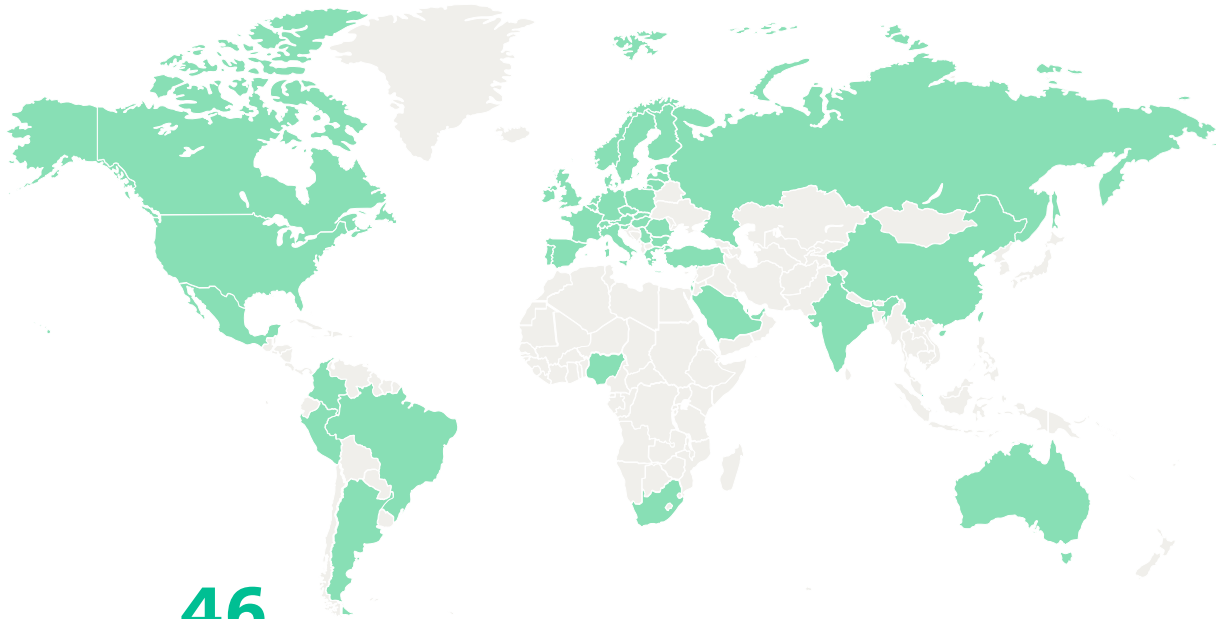
Healthy@Siemens aimed at continuously improving health management and integrating it into the management systems of the operating units and national companies. This program helped to identify health risks at an early stage, strengthen health resources, and support the long-term health and performance of our employees.

The aim of the Zero Harm Culture@Siemens program was to promote a culture of safety supported by employees at all locations. The program was not only focused on the implementation of technical protection measures, but also on the active involvement of employees in the healthy and safe design of their working environment.

In recent years, both programs have been implemented primarily through the local Siemens companies. This has resulted in a variety of local initiatives, measures, and programs.

In order to receive the Healthy@Siemens and Zero Harm Culture@Siemens quality labels, the Siemens national companies had to meet requirements in various categories and undergo a comprehensive

Occupational health and safety award for Siemens national affiliates



46

countries were awarded the Healthy@Siemens label, and 33 countries obtained the Zero Harm Culture@Siemens label.

**Zero Harm Culture@Siemens:** The key premise of the Zero Harm Culture@Siemens program is to proactively involve employees in designing working environments to be healthy and safe. Since the program began, 33 countries have been awarded the Zero Harm Culture@Siemens label on account of their successful establishment of an employee-centric health and safety culture.

**Healthy@Siemens:** We developed a company-wide program to support the long-term health and performance of our employees. Since the program began, 46 countries have been awarded the Healthy@Siemens label for their sustainable health and safety management.

on-site audit. The audit criteria included management commitment, culture, planning, implementation, and evaluation of health activities and implementation of site action plans. A total of 46 national companies have obtained the Healthy@Siemens label, and 33 national companies obtained the Zero Harm Culture@Siemens label.

Both programs were terminated at the end of the set term in fiscal 2020 and will now be continued in a joint Healthy & Safe@Siemens program module.

### Accident numbers low

The number of work-related accidents declined further in this fiscal year. The absolute number of work-related accidents resulting in lost days<sup>4</sup> of employees fell from 1,030 to 797. This includes 13 accidents that were associated with a serious injury to the person concerned.<sup>5</sup>



# 21 %

**Year-on-year decline in employee accident rate (LTIFR)**

Finger injuries and the consequences of falling or slipping represent the majority of incidents. Relevant technical or organizational reasons, for example, weak points in processes, equipment, or work safety management, are not indicated in many incident reports. However, in some incidents it became clear that despite all prevention and inspection measures a hazard was not correctly identified or prevented.

#### LTIFR Employees and Temporary Workers<sup>1</sup>

	Fiscal year	
	2020	2019
Employees <sup>2</sup>	<b>0.28</b>	0.36
Temporary Workers <sup>3</sup>	<b>0.68</b>	0.67

- <sup>1</sup> Lost Time Injury Frequency Rate: Number of Lost Time Cases (LTC) x 200,000/working hours; LTCs are accidents that result in at least one lost day of work.
- <sup>2</sup> The Employees LTIFR, which included Temporary Workers in previous reports, was adapted to show only Siemens employees (this change is not applicable for SHS). Please also see footnote 3.
- <sup>3</sup> Due to the Siemens Energy spin-off, the Contractor LTIFR relating to large projects disclosed in previous years does no longer provide a comprehensive view on contractor safety performance of 3rd party workers of Siemens AG. Furthermore, Siemens – as a globally operating company – is not always eligible or able to obtain sensitive health and safety data and complete working hours of contractors worldwide. Consequently, the Temporary Worker LTIFR displayed in this report was adapted to include only contractors, who are dispatched by staffing agencies, and to exclude any other contractors. (In this report, Temporary Workers of SHS are still included in the Employees LTIFR.)

#### Fatalities (work-related)

	Fiscal year	
	2020	2019
Employees	<b>0</b>	0
Temporary Workers and Contractors	<b>1</b>	5
<b>Total</b>	<b>1</b>	<b>5</b>

There was one fatal accident in fiscal 2020. A contractor received a fatal electric shock when connecting a drainage pump.

Each accident causes grief for the people concerned, families, friends, and colleagues. Each accident is a new reminder for us as a company to keep ensuring and improving the safe and healthy working environment for our employees and partners.

#### Occupational illnesses<sup>6</sup>

The number of occupational illnesses in relation to the number of employees continues to be low, as it has been for many years now. The corresponding measurement (Occupational Illness Frequency Rate, OIFR, in relation to 1,000,000 hours worked) fell back to 0.33 in the reporting period, following 0.35 in fiscal 2019.

- <sup>4</sup> At least one lost day of work.
- <sup>5</sup> Life-threatening or life-changing injuries.
- <sup>6</sup> Reporting only for Siemens in Germany. The OIFR is only calculated on the basis of the cases recognized as occupational illness by the professional association in Germany. The cause of the employee's occupational illness can usually be traced back many years or even decades. The OIFR therefore does not include a statement on employees currently exposed to a health risk or on the current effectiveness of the occupational safety system.

## 5.5

# Corporate citizenship

- **Improving peoples' living conditions**
- **Giving societies access to knowledge and technologies**
- **A variety of projects with three strategic focal points**

Corporate citizenship is Siemens' voluntary commitment with the aim of bringing about a benefit for society in every country in which we operate. As defined by Werner von Siemens over 170 years ago, the company's mission is to provide technologies that improve quality of life and create lasting value for society. Based on SDGs, we identify topics that are relevant for the development of a country and illustrate how we are making a positive contribution to achieving them. The approach does not pursue the goal of reducing risks arising from the company's business activities, but instead contributes to giving something back to the societies in which the company is active. As a result, corporate citizenship is an important element of the company's sustainability strategy. [↗ BUSINESS TO SOCIETY](#)

Based on our core business and our competencies, Siemens has defined three strategic focus areas for its corporate citizenship: access to technology, access to education, and sustaining communities.

Our corporate citizenship activities extend beyond traditional philanthropy. We mine our technological competencies, plus we leverage our capabilities and products.

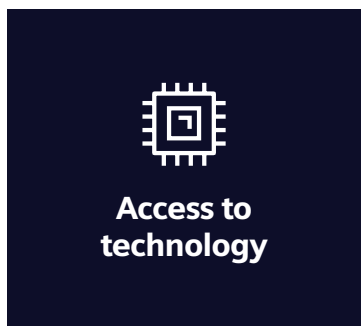
The Siemens Stiftung, along with six other Siemens foundations, complements our corporate citizenship initiatives. [↗ KEY HIGHLIGHTS](#) [→ SIEMENS STIFTUNG EXPERIMENTO](#)

## Creating lasting value with a shared-value approach

In accordance with the Vision2020+ corporate strategy [↗ SIEMENS AT A GLANCE](#), responsibility for the selection and management of non-profit and socially innovative activities lies with the local units in each country or with the local management. This approach is designed to make sure that we provide support and create value where it is needed most. In the process, we combine deep local knowledge with the need for a long-term commitment to overcome social challenges that may vary from region to region.

Our goal in each society is to help improve general living and healthcare conditions (access to technology), enhance educational and training opportunities for the labor market (access to education), and strengthen social cohesion and cultural identification (sustaining communities). In doing so, we make a contribution to SDG 4 – Quality Education; SDG 9 – Industry, Innovation and Infrastructure; and SDG 11 – Sustainable Cities and Communities. At the same time, we are improving the reputation of Siemens, strengthening its local footprint, creating a wider understanding of its technologies, positioning ourselves as an attractive employer, and laying the foundation for future innovation. We measure the achievement of these goals on the basis of the individual underlying targets.

## Our core areas



Through our principles on sponsorship activities, donations, charitable contributions, and memberships, we have also created a global framework that provides guidance for local activities. The guidance outlines how all kinds of potential contributions can be employed correctly and in a targeted manner while ensuring transparency regarding all activities worldwide.

Corporate volunteering plays an important role in leveraging and promoting corporate citizenship at Siemens. The Corporate Volunteering Standard, which was published in December 2017, outlines a common global concept and a framework for Siemens AG. Corporate volunteering is an efficient way for individuals to make a difference in society and helps to enhance employee satisfaction and retention. By promoting the exchange of knowledge and good practices, we hope to further strengthen our employees' commitment.

Another significant factor in corporate responsibility at Siemens are our employee donation programs, which combine the company's commitment to society with our employees' wish to be more engaged on a personal level. The Cents4Sense program allows employee shareholders to donate one dividend of their Siemens shares to support social projects. The program is now in its third successful year.

## Corporate citizenship with an impact

The goal of our corporate citizenship activities is to create a benefit for society. However, the COVID-19 pandemic, which has fundamentally changed the lives of billions of people, presents this mission with a new challenge. Worldwide, Siemens has been able to provide more than €15 million for non-profit aid projects to contain the spread of the virus, alleviate the impact of the pandemic, and support the return to a "new normal."

About €8 million of that total have been funded by the company itself. More than €7 million come from a COVID-19 aid fund, which was set up by Siemens in March 2020. Every donation made by employees was matched by Siemens. The fund is operated by the non-profit association Siemens Caring Hands e.V. and provides fast, efficient, and uncomplicated support to aid organizations and medical facilities around the world.

The fund has been a success thanks to the extraordinary dedication of our employees, who have made generous donations and volunteered their time (digitally), as well as our close collaboration with local social aid organizations and health authorities. As a result, the Siemens Caring Hands Initiative has already been able to support more than 40 effective, sustainable projects worldwide in the shortest possible time.

The projects receiving funding focus on helping healthcare providers offer their patients the best possible treatment by supplying medical equipment (Argentina, Egypt, Portugal, Thailand), providing energy solutions and building technology for temporary hospitals (in places such as Wuhan, China, and South Africa), and providing production capacities including 3D software for manufacturing safety equipment and spare parts for medical equipment free of charge (Argentina), to name just a few examples.

Siemens also aims to alleviate humanitarian aspects of the crisis through a wide range of additional programs. In the U.S., for example, a focus was placed on access to healthcare by providing financial support to hospitals in particularly disadvantaged regions. In India, Siemens partnered with the government to help manage a comprehensive program for the integrated treatment of the health-related and humanitarian aspects of the pandemic. Further examples range from ensuring that people in need receive enough to eat (for example in Bangladesh, Hong Kong, Colombia, the U.K., and Canada) and supporting efforts to supply protective equipment (like in Pakistan and Chile) to specific educational initiatives, which help to enable access to education during the crisis (in Turkey and South America).

Siemens will continue working with Siemens Caring Hands e.V. and the Siemens foundations to remain active in alleviating the long-term consequences of the crisis with appropriate programs.

Our efforts to provide social and cultural structures that can offer long-term support also include humanitarian emergency aid, such as financial and technical assistance following disasters. In addition to its COVID-19 initiative, the company also played an instrumental role in helping people in the wake of another major catastrophic event. After the devastating fire at the Moria refugee camp on the Greek island of Lesbos in September 2020 that left more than 11,000 people homeless, Siemens provided emergency aid of €2.5 million. The funds helped the German

Red Cross and its partners rapidly and efficiently initiate extensive aid missions.

Our future depends on knowledge. Improving educational opportunities and widespread access to education are goals that present a challenge to societies worldwide. Specific details and targets may vary, but the overriding objective of improving future opportunities and giving young people the tools to master future challenges remains the same. The width and depth of the Siemens portfolio offers a variety of opportunities for tackling problems that vary from region to region and for finding the best possible solutions in close cooperation with local partners. In doing so, Siemens aims to contribute to also improving market access for qualified and urgently needed young professionals, thereby positioning itself as a reliable partner for the public sector.

Our commitment ranges from making STEM-oriented training possible and promoting excellence through competition to providing free software licenses and setting up new institutional training paths, such as dual education and apprenticeship systems.

A skilled workforce is essential for the growth of a nation and the living conditions of its population. The Siemens Scholarship Program in India endeavors to contribute to this growth by empowering students from low socio-economic backgrounds, helping them become industry ready engineers. Based on the German Dual Education Model, the program offers internships, mechatronics, soft skills and functional skills training and mentoring to engineering students at Siemens while promoting holistic development, with an additional focus on gender diversity in STEM.

Since 2013 the program has impacted the lives of 735 students from 77 colleges in 23 states in India. Volunteering of Siemens employees is an essential part of the program, contributing to the organizational backbone as well as providing know-how and resources for training and mentoring.

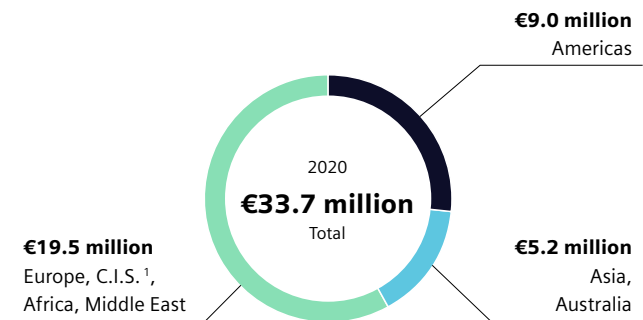
By engaging a strong network of partners, the program realizes shared value: Students are empowered to pursue STEM careers or contribute to research, which in turn helps the communities they come from. Universities benefit, as they are able to offer higher quality education. Ultimately, companies such as Siemens benefit from a skilled workforce, thereby promoting the country's sustainable economic development.

With the help of our core competencies in digitalization, automation, electrification, and scientific research, we want to empower as many people as possible to use state-of-the-art technologies. Access to modern and reliable infrastructure, for example by securing energy supply, clean water, or even basic medical care, is a fundamental prerequisite, especially in developing countries, for improving the basis of many people's quality of life and securing prospects for their future.

Building on the success of our solar clinic in Jordan, Siemens has further cultivated this approach to develop a comprehensive program. The Siemens Smart Clinics are designed to ensure basic medical care for people living in economically underdeveloped and crisis-plagued regions. Two such clinics (one in Baiji, Iraq, and one in Colombia, near the border to Venezuela) opened in fiscal 2020. A third clinic will open its doors in Egypt in fiscal 2021. The clinics are organized and equipped in close cooperation with local authorities, international NGOs, the Siemens foundation network, and local medical service providers. They feature all of the necessary medical equipment, as well as a reliable and stable energy supply. The approach focuses on the close integration of these partners so as to ensure smooth and sustainable operation.

The clinic in Baiji will be able to help 15,000 patients a year. In Colombia, those capacities are higher thanks to the special concept, which allows the clinic to be operated as a mobile medical center in a converted bus that can be driven throughout an expansive geographic region, depending on local needs.

#### Donations by region



<sup>1</sup> Commonwealth of Independent States.

By way of this initiative, Siemens aims to help local people directly. At the same time, it allows us to demonstrate the power of our integrated activities across all of Siemens' business areas.

Local identification with cultural heritage is also important for social cohesion. That is why we have a philosophy of supporting cultural and social activities as well. Our goal is to create stable conditions, protect values, unleash creativity, enhance intercultural understanding, and inspire progress. The Siemens Art Program goes a long way to helping us live up to this objective through a diverse range of projects. One good example is the re-recording of Piano Concerto Opus 25, which was written by the Jewish composer Viktor Ullmann. In 2020, the work received the OPUS KLASSIK award as the best classical music recording. The 3D recording under the artistic direction of the Siemens Art Program keeps alive the social dialogue regarding artists who were murdered by the Nazi regime. It also blazes new trails, thanks in no small part to its immersive recording technology and its inclusion in an audiovisual media installation that makes it possible for young people to experience history firsthand.

The protection of the environment and the conservation of natural resources are two goals that are also of the utmost importance for sustaining communities.

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# Our sustainability indicators



Non-Financial Key Performance Indicators (KPIs)		Fiscal Year/ September 30th	Unit	Fiscal 2020	Fiscal 2019	+/-
<b>Siemens at a glance<sup>1</sup></b>						
Total revenue	Total	Fiscal Year	Billion €	<b>57.1</b>	58.5	-2.3%
Contribution to GDP <sup>2</sup> (gross domestic product) generation	Total	Fiscal Year	Billion €	<b>281</b>		
Jobs enabled <sup>2</sup>	Total	Fiscal Year	No. (rounded)	<b>5,000,000</b>		
	in developing and emerging countries	Fiscal Year	No. (rounded)	<b>2,600,000</b>		
<b>Research and development</b>						
R&D expenses	Total	Fiscal Year	Billion €	<b>4.6</b>	4.7	-1.5%
R&D intensity	Total	Fiscal Year	% of revenue	<b>8.1%</b>	8.0%	0.9%
R&D employees	Total	Sept. 30th	No. (rounded)	<b>41,000</b>	40,800	0.5%
Patents granted	Total	Sept. 30th	No. (rounded)	<b>42,900</b>	42,400	1.0%
<b>Governance</b>						
<b>Compliance</b> (Continuing and discontinued operations)						
Compliance cases reported <sup>3</sup>	Total	Fiscal Year	No.	<b>332</b>	386	-14.0%
Disciplinary sanctions <sup>4</sup>	Total	Fiscal Year	No.	<b>188</b>	262	n. a.
	warnings	Fiscal Year	No.	<b>90</b>	149	n. a.
	dismissals	Fiscal Year	No.	<b>63</b>	69	n. a.
	others <sup>5</sup>	Fiscal Year	No.	<b>35</b>	44	n. a.
Business Conduct Guideline Training – graduating quote	Total	Fiscal Year	% of invited employees	<b>86%</b>	–	
Integrity Initiative – Projects	Total	up to Sept. 30th	No.	<b>77</b>	55	40.0%
Integrity Initiative – Finance budget provided	Total	up to Sept. 30th	Million US \$	<b>98.5</b>	70.0	40.7%
<b>Supply chain management</b>						
Purchasing Volume (PVO)/ Procurement Volume	Total	Fiscal Year	Billion €	<b>26.7</b>	29.0	-8.2%
	Emerging markets	Fiscal Year	% of total PVO	<b>32.0%</b>	31.6%	1.3%
Sustainability self-assessments <sup>6</sup>	Total	Fiscal Year	No.	<b>4,759</b>	5,132	-7.3%
	EMEA	Fiscal Year	No.	<b>1,439</b>	1,571	-8.4%
	Americas	Fiscal Year	No.	<b>936</b>	1,070	-12.5%
	Asia /Australia	Fiscal Year	No.	<b>2,384</b>	2,491	-4.3%

<sup>1</sup> For methodology please look at Annex.

<sup>2</sup> Based on FY 2019 data. Calculation methodology – please look at Annex.

<sup>3</sup> Number of Siemens Energy Compliance cases in 2019 not included, as calculated in a comparable manner according to Siemens Energy spin-off.

<sup>4</sup> Number of disciplinary sanctions in 2019 including disciplinary sanctions for Siemens Energy.

<sup>5</sup> Includes loss of variable and voluntary compensation elements, transfer and suspension.

<sup>6</sup> To be conducted mainly by suppliers from non-OECD countries with a purchasing volume > €50,000 p. a. Questionnaires initiated and completed in the year under review.

Non-Financial Key Performance Indicators (KPIs)		Fiscal Year/ September 30th	Unit	Fiscal 2020	Fiscal 2019	+/-
Supplier quality audits with sustainability questions	Total	Fiscal Year	No.	<b>374</b>	503	-25.6%
	EMEA	Fiscal Year	No.	<b>144</b>	242	-40.5%
	Americas	Fiscal Year	No.	<b>77</b>	95	-18.9%
	Asia / Australia	Fiscal Year	No.	<b>153</b>	166	-7.8%
External sustainability audits	Total	Fiscal Year	No.	<b>269</b>	342	-21.3%
	EMEA	Fiscal Year	No.	<b>65</b>	102	-36.3%
	Americas	Fiscal Year	No.	<b>19</b>	36	-47.2%
	Asia / Australia	Fiscal Year	No.	<b>185</b>	204	-9.3%

## Environment

### Climate Action

#### GHG Emissions

Scope 1	Total	Fiscal Year	1,000 metric tons of CO <sub>2</sub> equivalents	<b>524</b>	565	-7.3%
	Total (market-based)	Fiscal Year	1,000 metric tons of CO <sub>2</sub> equivalents	<b>177</b>	360	-51.0%
Scope 2	Total (location-based)	Fiscal Year	1,000 metric tons of CO <sub>2</sub> equivalents	<b>733</b>	782	-6.2%
	Total	Fiscal Year	1,000 metric tons of CO <sub>2</sub> equivalents	<b>701</b>	926	-24.3%
Scope 1+2	Total	Fiscal Year	1,000 metric tons of CO <sub>2</sub> equivalents	<b>225</b>		
Scope 1+2 Reduction to LY	Total	Fiscal Year	1,000 metric tons of CO <sub>2</sub> equivalents	<b>10,202</b>	11,506	-11.3%
	Purchased goods & services	Fiscal Year	1,000 metric tons of CO <sub>2</sub> equivalents	<b>8,607</b>	10,038	-14.3%
Scope 3	Capital goods	Fiscal Year	1,000 metric tons of CO <sub>2</sub> equivalents	<b>419</b>	270	55.2%
	Fuel & energy related activities	Fiscal Year	1,000 metric tons of CO <sub>2</sub> equivalents	<b>282</b>	217	30.0%
	Waste in Operations	Fiscal Year	1,000 metric tons of CO <sub>2</sub> equivalents	<b>28</b>	36	-22.2%
	Transportation upstream	Fiscal Year	1,000 metric tons of CO <sub>2</sub> equivalents	<b>740</b>	713	3.8%
	Business travel	Fiscal Year	1,000 metric tons of CO <sub>2</sub> equivalents	<b>126</b>	232	-45.7%

Non-Financial Key Performance Indicators (KPIs)		Fiscal Year/ September 30th	Unit	Fiscal 2020	Fiscal 2019	+/-
<b>Environmental Portfolio<sup>1</sup></b>						
Revenue from Environmental Portfolio	Total	Fiscal Year	Billion €	<b>18.0</b>	18.4	-2.0%
Share of Revenue from Environmental Portfolio	Total	Fiscal Year	% of total revenue (Sales to 3 <sup>rd</sup> parties)	<b>31.5%</b>	31.4%	0.3%
Annual reductions in greenhouse gases achieved by our customers through elements of the Siemens Environmental Portfolio newly installed in the reporting year	Total	Fiscal Year	Mt CO <sub>2</sub>	<b>7.0</b>	7.7	-9.6%
Cumulative annual greenhouse gas reductions achieved by our customers through elements of the Siemens Environmental Portfolio during the reporting year	Total	Fiscal Year	Mt CO <sub>2</sub>	<b>149.6</b>	144.3	3.7%
<b>Conservation of Resources</b>						
Energy Consumption: Primary Energy	Total	Fiscal Year	1,000 Gigajoule	<b>4,702</b>	4,410	6.6%
	Natural gas & liquid gas	Fiscal Year	1,000 Gigajoule	<b>4,362</b>	4,104	6.3%
	Fuel oil, gasoline, diesel	Fiscal Year	1,000 Gigajoule	<b>326</b>	303	7.5%
	Efficiency in primary energy <sup>2</sup>	Fiscal Year	% to base year (2014)	<b>99.0%</b>	58.0%	70.7%
Energy consumption: Secondary Energy	Total	Fiscal Year	1,000 Gigajoule	<b>7,011</b>	7,214	-2.8%
	Electricity (total)	Fiscal Year	1,000 Gigajoule	<b>5,806</b>	6,040	-3.9%
	Electricity (renewable sources)	Fiscal Year	1,000 Gigajoule	<b>4,079</b>	3,263	25.0%
	Electricity Share of renewable energy sources	Fiscal Year	% of total electricity used	<b>70.0%</b>	54.0%	29.6%
	District heating	Fiscal Year	1,000 Gigajoule	<b>1,205</b>	1,175	2.6%
Waste	Total	Fiscal Year	1,000 t	<b>397</b>	304	30.9%
	Non hazardous waste – total	Fiscal Year	1,000 t	<b>259</b>	266	-2.6%
	Hazardous waste – total	Fiscal Year	1,000 t	<b>18</b>	19	-0.4%
	Construction waste	Fiscal Year	1,000 t	<b>120</b>	19	525.2%
	Waste to landfill	Fiscal Year	1,000 t	<b>20</b>	20	3.4%
	Recycled waste	Fiscal Year	1,000 t	<b>257</b>	265	-2.9%
	Waste Efficiency <sup>2</sup>	Fiscal Year	% to base year (2014)	<b>11.0%</b>	5.7%	93.0%

<sup>1</sup> Continuing Operation.

<sup>2</sup> Without Siemens Healthineers in fiscal year 2020.

Non-Financial Key Performance Indicators (KPIs)		Fiscal Year/ September 30th	Unit	Fiscal 2020	Fiscal 2019	+/-
Waste Reduction (to base year)	Waste to Landfill <sup>1</sup>	Fiscal Year	% to base year (2014)	<b>18.0%</b>	15.0%	20.0%
Recycling rate	Total	Fiscal Year	% of total waste (w/o construc- tion)	<b>93%</b>	93%	-0.4%
<b>Water</b>						
Water consumption	Total	Fiscal Year	Million cubic meter	<b>15,3</b>	17,0	-9.9%
	Fresh water use	Fiscal Year	Million cubic meter	<b>5,1</b>	5,2	-2.8%
	Ground & surface water for cooling	Fiscal Year	Million cubic meter	<b>10,3</b>	11,8	-13.1%
Wastewater	Total	Fiscal Year	Million cubic meter	<b>15,3</b>	17,0	-9.9%
	Employee facilities	Fiscal Year	Million cubic meter	<b>3,3</b>	3,4	-4.8%
	Manufacturing processes	Fiscal Year	Million cubic meter	<b>0,6</b>	0,6	-1.6%
	Other (including losses)	Fiscal Year	Million cubic meter	<b>1,0</b>	1,0	-1.1%
	Cooling water discharged as wastewater	Fiscal Year	Million cubic meter	<b>0,2</b>	0,2	18.8%
	Total waste water (w/o returned cooling water)	Fiscal Year	Million cubic meter	<b>5,0</b>	5,2	-2.9%
	Cooling water (returned unchanged)	Fiscal Year	Million cubic meter	<b>10,3</b>	11,8	-13.1%
Rate sites with water strategy <sup>2</sup>	Total	Fiscal Year	% of sites	<b>95%</b>	96%	-1.0%
<b>Atmospheric pollutant emissions</b>						
Volatile Organic Compounds	Total	Fiscal Year	metric tons	<b>364</b>	393	-7.2%
Ozone depleting substances	Total	Fiscal Year	metric tons (R11 equiva- lent) <sup>3</sup>	<b>0.085</b>	0.109	-21.8%
<b>Additional environmental topics</b>						
Environment-related incidents <sup>4</sup>	Total	Fiscal Year	No.	<b>16</b>	3	433.3%
Sites with EHS management system ISO 14001:2015	Total	Sept. 30th	No.	<b>164</b>	179	-8.4%
Sites with EHS management system ISO 50001	Total	Sept. 30th	No.	<b>30</b>	33	-9.1%

<sup>1</sup> Without Siemens Healthineers in FY 2020.

<sup>2</sup> Without Siemens Healthineers.

<sup>3</sup> R11 equivalent measures ozone depletion potential.

<sup>4</sup> Only partly comparable due to change in methodology.

Non-Financial Key Performance Indicators (KPIs)		Fiscal Year/ September 30th	Unit	Fiscal 2020	Fiscal 2019	+/-
<b>Product Stewardship</b>						
Share of "Full scale LCA" revenue	Total	Fiscal Year	% of total revenue (Sales to 3 <sup>rd</sup> . parties) <sup>1</sup>	<b>70%</b>	64%	9.4%
Share of "Screening LCA" revenue	Total	Fiscal Year	% of total revenue (Sales to 3 <sup>rd</sup> . parties) <sup>1</sup>	<b>60%</b>	58%	4.8%
Share of EPD revenue	Total	Fiscal Year	% of total revenue (Sales to 3 <sup>rd</sup> . parties) <sup>1</sup>	<b>71%</b>	72%	-0.9%
<b>Social Working for Siemens</b>						
Employees	Total	Sept. 30th	No. (rounded)	<b>293,000</b>	295,000	-0.6%
	EMEA	Sept. 30th	% of total employees	<b>59%</b>	59%	-0.7%
	Americas	Sept. 30th	% of total employees	<b>19%</b>	19%	0.3%
	Asia/Australia	Sept. 30th	% of total employees	<b>22%</b>	22%	1.6%
Employee Structure	age < 35	Sept. 30th	% of total employees	<b>29%</b>	30%	-2.4%
	age 35 – 44	Sept. 30th	% of total employees	<b>30%</b>	29%	1.9%
	age 45 – 54	Sept. 30th	% of total employees	<b>24%</b>	24%	-1.8%
	age > 54	Sept. 30th	% of total employees	<b>17%</b>	16%	3.8%
	retiring expected within next 5 years (= age > 54)	Sept. 30th	% of total employees	<b>16.8%</b>	16.2%	3.8%
Average age employees	Total	Sept. 30th	Years	<b>41</b>	41	0.0%

<sup>1</sup> We consider the revenue of a Business Unit in relation to Siemens revenue once we have carried out at least one "Full-scale LCA", "Screening LCA", or "EPD" for their products or systems. No product-related coverage is calculated.

Non-Financial Key Performance Indicators (KPIs)		Fiscal Year/ September 30th	Unit	Fiscal 2020	Fiscal 2019	+/-
Women employees	Total	Sept. 30th	% of total employees	<b>26.2%</b>	26.3%	-0.4%
	EMEA	Sept. 30th	% of total employees	<b>25.3%</b>	25.6%	-1.2%
	Americas	Sept. 30th	% of total employees	<b>27.6%</b>	27.3%	1.3%
	Asia / Australia	Sept. 30th	% of total employees	<b>27.4%</b>	27.5%	-0.2%
Employees in management positions <sup>1</sup>	Total	Sept. 30th	No. (rounded)	<b>27,200</b>	27,300	-0.1%
	Female employees	Sept. 30th	% of total management positions	<b>18.4%</b>	18.5%	-0.4%
Employees with permanent working contract	Total	Sept. 30th	% of total employees	<b>93.7%</b>	93.1%	0.7%
Employees new hired	Total	Fiscal Year	No. (rounded)	<b>25,200</b>	33,800	-25.4%
	EMEA	Fiscal Year	No. (rounded)	<b>11,700</b>	16,500	28.7%
	Americas	Fiscal Year	No. (rounded)	<b>7,500</b>	8,500	-11.6%
	Asia / Australia	Fiscal Year	No. (rounded)	<b>6,000</b>	8,900	-32.2%
	Women – Total	Fiscal Year	No. (rounded)	<b>7,500</b>	9,800	-24.1%
Hiring Rate	Total	Fiscal Year	% of total number of employees	<b>8.6%</b>	11.4%	-24.7%
	Total	Fiscal Year	% of new hires	<b>29.7%</b>	28.9%	2.6%
Women employees new hired	EMEA	Fiscal Year	% of new hires	<b>28.6%</b>	29.3%	-2.4%
	Americas	Fiscal Year	% of new hires	<b>32.2%</b>	27.9%	15.3%
	Asia / Australia	Fiscal Year	% of new hires	<b>28.7%</b>	29.3%	-2.0%
	Total	Sept. 30th	% Share	<b>&gt;10%</b>	>10%	0.0%

<sup>1</sup> Employees in management positions include all managers with disciplinary responsibility.

Non-Financial Key Performance Indicators (KPIs)		Fiscal Year/ September 30th	Unit	Fiscal 2020	Fiscal 2019	+/-
Women in supervisory board	Siemens AG	Sept. 30th	% Share	<b>&gt;=30 %</b>	>=30 %	0.0 %
Disabled persons working at Siemens	Germany	Sept. 30th	No. (rounded)	<b>5,400</b>	5,400	-0.3 %
	Total	Fiscal Year	% to total number of employees	<b>8.4 %</b>	9.3 %	-9.7 %
Turnover Rate <sup>1</sup>	decision employee	Fiscal Year	% to total number of employees	<b>3.5 %</b>	4.6 %	-23.1 %
	other reasons (= not decision empl.)	Fiscal Year	% to total number of employees	<b>4.8 %</b>	4.8 %	1.0 %
	dismissals	Fiscal Year	% to number of total exits	<b>14.5 %</b>	10.3 %	40.9 %
Employees – use of working hour programs	Part-time	Sept. 30th	No. (rounded)	<b>13,900</b>	14,100	-1.1 %
	On leave of absence	Sept. 30th	No. (rounded)	<b>6,200</b>	6,200	-0.7 %
Employees with collective wage agreement	Germany	Sept. 30th	No. (rounded)	<b>87,700</b>	89,200	-1.7 %
	Germany	Sept. 30th	% of total German employees	<b>97.8 %</b>	97.7 %	0.1 %
	Total	Sept. 30th	Hours	<b>39.3</b>	39.3	0.0 %
Contractually agreed weekly working hours (average) <sup>2</sup>	EMEA	Sept. 30th	Hours	<b>37.9</b>	37.9	0.0 %
	Americas	Sept. 30th	Hours	<b>41.1</b>	41.1	0.0 %
	Asia / Australia	Sept. 30th	Hours	<b>41.6</b>	41.5	0.2 %
<b>Pensions</b>						
Contribution to state and defined contribution plans	Total	Fiscal Year	Million €	<b>1,888</b>	1,879	0.5 %
	Contribution to defined contribution plans	Fiscal Year	Million €	<b>495</b>	461	7.4 %
	Contribution to state plans	Fiscal Year	Million €	<b>1,394</b>	1,419	-1.8 %

<sup>1</sup> Employee turnover rate is defined as the ratio of voluntary and involuntary exits from Siemens during the fiscal year to the average number of employees.

<sup>2</sup> Contractually agreed weekly working hours at the end of fiscal year.

Non-Financial Key Performance Indicators (KPIs)		Fiscal Year/ September 30th	Unit	Fiscal 2020	Fiscal 2019	+/-
<b>Training and development</b>						
Apprentices and dual students	only Germany	Sept. 30th	No.	<b>4,814</b>	5,189	-7.2%
	For third parties (Germany)	Sept. 30th	No.	<b>890</b>	1,201	-25.9%
	Internally (Germany)	Sept. 30th	No.	<b>3,924</b>	3,988	-1.6%
	New (own) apprentices (Germany)	Fiscal Year	No.	<b>1,161</b>	1,125	3.2%
	Out of Germany	Sept. 30th	No. (rounded)	<b>2,000</b>	2,300	-12.8%
ITA@S <sup>1</sup>	Participants	Fiscal Year	No.	<b>51</b>	65	-23.1%
	Countries	Fiscal Year	No.	<b>15</b>	14	7.1%
Employees in apprenticeship	Total	Fiscal Year	No. (rounded)	<b>6,800</b>	7,600	-9.8%
Spend on employee training	Total	Fiscal Year	Million €	<b>162</b>	216	-25.1%
Spend on employee training per employee	Total	Fiscal Year	€	<b>551</b>	730	-24.5%
Spend on education	Total	Fiscal Year	Million €	<b>159</b>	174	-8.9%
Spend on employee training and education	Total	Fiscal Year	Million €	<b>321</b>	391	-17.8%
Average training hours per employee	Total	Fiscal Year	No.	<b>17</b>	21	-17.4%
Core-Learning-Programs	Total	Fiscal Year	No.	<b>44</b>	-	
Moduls in Digitalization Learning platform	Total	Fiscal Year	No. (rounded)	<b>59,000</b>	15,000	293.3%
Potential Development Programs	Total	Fiscal Year	No. (rounded)	<b>30</b>	40	-25.0%
<b>Talent-Entry-Programs</b>						
Siemens CEO Program	Community Total	Sept. 30th	No.	<b>35</b>	35	0.0%
	Active participants	Sept. 30th	No.	<b>5</b>	9	-44.4%
Siemens Finance Excellence Program (FEP)	Community Total	Sept. 30th	No.	<b>76</b>	74	2.7%
	Active participants	Sept. 30th	No.	<b>10</b>	10	0.0%
Siemens Graduate Program (SGP)	Community Total	Sept. 30th	No.	<b>1,134</b>	1,132	0.2%
	Active participants	Sept. 30th	No.	<b>64</b>	81	-21.0%

<sup>1</sup> International Tech Apprenticeship@Siemens.



Non-Financial Key Performance Indicators (KPIs)		Fiscal Year/ September 30th	Unit	Fiscal 2020	Fiscal 2019	+/-
<b>Occupational health &amp; safety</b>						
Fatalities	Total (work related)	Fiscal Year	No.	<b>1</b>	5	-80.0%
Fatalities Temporary Workers and Contractors	Total (work related)	Fiscal Year	No.	<b>1</b>	5	-80.0%
Fatalities employees	Total (work related)	Fiscal Year	No.	-	-	
Lost time injury frequency rate (LTIFR) <sup>1</sup>	Employees <sup>2</sup>	Fiscal Year	No.	<b>0.28</b>	0.36	-21.1%
	Temporary Workers <sup>3</sup>	Fiscal Year	No.	<b>0.68</b>	0.67	1.7%
Countries with Healthy@Siemens Label	Total	Sept. 30th	No	<b>46</b>	-	
Occupational illness frequency rate (OIFR) <sup>4</sup>	Employees Germany	Fiscal Year	No.	<b>0.33</b>	0.35	-7.2%
<b>Corporate Citizenship</b>						
Donations	Total	Fiscal Year	Million €	<b>33.7</b>	18.6	81.3%
			% of net income	<b>0.78%</b>	0.33%	166.7%
	EMEA	Fiscal Year	Million €	<b>19.5</b>	7.2	171.5%
	Americas	Fiscal Year	Million €	<b>9.0</b>	7.6	18.1%
	Asia/Australia	Fiscal Year	Million €	<b>5.2</b>	3.8	37.0%


<sup>1</sup> Lost Time Injury Frequency Rate: Number of Lost Time Cases (LTC) x 200,000/working hours; LTCs are accidents that result in at least one lost day of work.

<sup>2</sup> The Employees LTIFR, which included Temporary Workers in previous reports, was adapted to show only Siemens employees (this change is not applicable for SHS). Please also see footnote 3.

<sup>3</sup> Due to the Siemens Energy spin-off, the Contractor LTIFR relating to large projects disclosed in previous years does no longer provide a comprehensive view on contractor safety performance of 3rd party workers of Siemens AG. Furthermore, Siemens – as a globally operating company – is not always eligible or able to obtain sensitive health and safety data and complete working hours of contractors worldwide. Consequently, the Temporary Worker LTIFR displayed in this report was adapted to include only contractors, who are dispatched by staffing agencies, and to exclude any other contractors. (In this report, Temporary Workers of SHS are still included in the Employees LTIFR.)

<sup>4</sup> OIFR – based on 1,000,000 working hours.

<sup>5</sup> Commonwealth of Independent States.



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# Annex

## 7.1

## Reporting method

Sustainability is a fundamental principle for us, guiding our very actions. Our “Sustainability Information 2020” supplements our financial reporting in fiscal 2020. The reporting method described below, provides details of the underlying key elements on which our sustainability reporting is based.

### Reporting approach

The “Sustainability Information 2020” (hereinafter referred to as the “Report”) describes the strategy, organization, initiatives, programs, management systems, and goals for ensuring sustainability. It supplements our financial reporting in the Annual Report, following on from last year’s reporting. It also serves as our annual progress report on implementing the United Nations CEO Water Mandate and sums up our performance with regards to the Ten Principles of the United Nations Global Compact.

Furthermore, this report has been prepared in accordance with the GRI Standards: Comprehensive option and the recommendations of the Global Compact and Transparency International regarding anticorruption reporting. We are using the UN Guiding Principles (UN GP) Reporting Framework and its narrative guidance as an orientation when reporting on our human rights activities. All key performance indicators of the Environmental Portfolio are reported according to the “Environment Portfolio Reporting Principles” included in this Annex.

### Review period and report boundaries

This Report is based on activities carried out during Siemens’ fiscal 2020 (October 1, 2019 – September 30, 2020). Any exceptions are indicated as such. In

general, our fully consolidated companies are all covered by the Report. Here, too, possible exceptions regarding the pool of data used are indicated. Minority equity investments are not included in our reporting. The indicators and information reported below relate to the company continuing operations, unless indicated otherwise. In order to ensure comparability of the details, those for the previous year were adjusted accordingly with any exceptions duly indicated. Some Management approaches do not cover all Siemens entities or parts of the organization. Parts of the Siemens organization may have introduced specific programs or initiatives that differ from the overall approach described in this report, however they are guided by the 12 sustainability principles and are aligned with global Siemens non-financial programs and initiatives.

### Data collection

Given Siemens’ size and global spread, gathering data poses a major logistical challenge. Moreover, our companies throughout the world are required to comply with local regulations concerning the compilation and definition of performance figures, which means that the data generated is not always comparable. Where applicable, we point out any significant limitations in the information presented in the Report. As a rule, no company-wide standards exist for the information published in the Report. This applies in particular to specific financial figures, including, for example, the revenue attributable to the Environmental Portfolio. As a result, these figures may not be comparable with the data published under the same or similar designations by other companies.

The data published in this Report is collected through various internal reporting systems which, for the most part, are different from those applicable for the financial information presented in our Consolidated Financial Statements. In particular, the standards and controls applied and the computer systems used during the preparation of the data may be less comprehensive in comparison. We reserve the right to change our internal guidelines regarding the inclusion of data in the Report without prior announcement. Due to rounding, numbers presented throughout this Report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. Concerning our scope one carbon emission we had to adjust 2019 figures from 1.2Mt to 1.4Mt due to sites that were last year not yet included in our reporting system.

### Data gathering regarding selected areas of impact (business-to-society pillars)

#### Strengthening the economy – Economic value / developing local jobs and skills

An external service provider analyzed the contribution to GDP (measured in terms of Gross Value Added) and employment supported (expressed as number of jobs) globally and hereby encompassed the impact of Siemens global business activities. GVA is a measure of the value generated in the economy and represents the difference between the value of goods and services sold and the goods and services used as an input to their production. In general, it is the company-level and sector-level equivalent of GDP and adding up the GVA of all individual sectors in the economy gets you to a country's GDP. The contribution to GDP and employment are both divided into three tiers:

→ Direct contribution: The increase in GDP and employment as a result of supply of Siemens' goods and services.

→ Supply chain spend contribution (indirect): The global increase in GDP and employment triggered by Siemens's demand for goods and services from its global suppliers and their suppliers. This is often known as 'indirect contribution'.

→ Employee spend contribution (induced): The global increase in GDP and employment in the wider economy as a result of wages being spent by employees of Siemens and of its suppliers. This is often known as 'induced contribution.'

The analysis was initially conducted in 2015 and updated this for fiscal 2019 for Siemens excluding Siemens Energy. Direct contribution was based on data provided by Siemens. Indirect and induced contribution were estimated based on a macro-economic model (PwC Escher). The reference period for the analysis of the shown information in the chapter [OUR KEY AREAS OF IMPACT](#) was fiscal 2019 respectively.

#### Improving quality of life – Access to health-care in countries with poor infrastructure

Underserved countries refers to a group of 90 countries based on the World Bank definition as low-income and lower-middle income economies plus Siemens Healthineers specific additions in Africa and conflict regions in the Middle East. Touchpoints are calculated based on Installed Base of Imaging and Advanced Therapy equipment and on number of laboratory tests sold. Based on available utilization data and expert opinions, calculation assumes an average of 2800 touchpoints p.a. per installed unit of Imaging and Advanced Therapy equipment, respectively an average number of 3.6 laboratory tests required for one touchpoint.

### **Improving quality of life – AI-supported products and services**

AI-supported product offerings include commercial products or offerings which have at least one identifiable and differentiating AI-supported feature embedded in them. AI-supported product offerings with similar core technologies but various deployment scenarios (e.g., cloud versus workstation, live versus post-processing) are counted as separate entities.

### **Independent assurance review**

We prepared our Report to high quality standards. Consequently, as in previous years, we again commissioned an independent accounting firm to conduct a limited assurance of the report of the [➤ SUSTAINABILITY INFORMATION 2020](#). You can find the results of the assurance by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in the Annex.

## 7.2

## Environmental Portfolio reporting principles

### Environmental portfolio guideline

As there are currently no accepted international standards addressing the identification and reporting of so-called “green products”, we report the revenue from our Environmental Portfolio and the accumulated annual customer reductions of carbon dioxide emissions generated by it in accordance with internal regulations defined in our Environmental Portfolio Guideline.

This Guideline sets out criteria and processes for the qualification of elements for the Environmental Portfolio, defines roles and responsibilities as well as processes to account for annual customer reduction of carbon dioxide emissions, and refers to financial reporting guidelines for recognition of revenue. It is based on the Reporting Principles set forth in “A Corporate Accounting and Reporting Standard – Revised Edition” and “GHG Protocol for Project Accounting” issued by the Greenhouse Gas Protocol Initiative. These principles are relevance, completeness, consistency, transparency, accuracy, and conservativeness. Revenue generated by the Environmental Portfolio is recognized in accordance with revenue recognition policies as described in [NOTE 2](#) in [B.6 NOTES](#) to the Consolidated Financial Statements in the Annual Report of the Siemens Group (“Siemens”) as of September 30, 2020.

### Scope of reporting

To date, the Environmental Portfolio-related key performance indicators are revenue and customer reductions of carbon dioxide emissions generated by elements from the Siemens Environmental Portfolio.

Carbon dioxide emission reductions at our customers are calculated based on comparing the Environmental Portfolio element with a reference solution. The annual reduction of carbon dioxide in the reporting year is calculated based on technical parameters (e.g., the output in megawatts in the reporting year or operating hours). For all Environmental Portfolio elements sold in a reporting year, the annual reductions are added up to calculate the annual carbon dioxide emissions reductions at our customers at the end of that year.

Our Environmental Portfolio elements are typically long-lasting products (e.g., motors) or infrastructure elements (e.g., trains) that contribute to the reduction of carbon dioxide emissions not only in the reporting year but for many years. We therefore also calculate the accumulated annual customer reductions of carbon dioxide emissions. The accumulated annual emission reductions are calculated as customer reductions of carbon dioxide emissions generated by Environmental Portfolio elements installed in the current reporting period (see above) plus those elements installed since the beginning of fiscal 2002 that are still in use at the customer. If elements installed in previous reporting periods are no longer in use, they are no longer taken into consideration when

calculating the accumulated annual customer reductions of carbon dioxide emissions in the respective reporting period.

For the Environmental Portfolio elements installed in a given reporting period, we consider the reductions of carbon dioxide emissions for the entire reporting period, irrespective of the actual date of installation during the year of first time recognition.

### Governance – Processes and definitions

The qualification of our Environmental Portfolio elements as well as the respective reporting is based on clearly defined processes and criteria.

In principle, products, systems, solutions and services of our Industrial Business (all Operating and Strategic Companies) may qualify for the Environmental Portfolio. The entire Siemens Industrial Business portfolio is reviewed on an annual basis to ensure the appropriate qualification of Environmental Portfolio elements based on the criteria described hereafter. Newly integrated elements are shown in our reporting beginning with the reporting period, they have been included. Elements that no longer fulfill our qualification criteria are excluded from our Environmental Portfolio; prior periods are not adjusted.

Prior to inclusion in the Environmental Portfolio, potential new Environmental Portfolio elements have to undergo a multilevel internal evaluation process which includes reviews in the respective Siemens Companies as well as a review in the Sustainability department.

Within this process, Siemens verifies the completeness of documentation supporting the fulfillment of the qualification criteria. Furthermore, Siemens considers whether or not significant “adverse effects” exist. Adverse effects describe the situation that a potential Environmental Portfolio element, despite fulfilling the qualification criteria, might cause considerably higher environmental effects elsewhere in

the element’s lifecycle. If material adverse effects are known, the element is not included in the Environmental Portfolio.

If the revenue related to an Environmental Portfolio element cannot be accurately separated from our total revenue, the respective revenue will not be accounted for nor reported due to the principle of conservatism.

The Siemens Sustainability Board, chaired by Siemens Managing Board member and Chief Sustainability Officer Dr. Roland Busch (as of fiscal 2021 Judith Wiese), annually acknowledges changes in the composition of the Environmental Portfolio. Another task of the Sustainability Board is to discuss potential concerns of stakeholders with regard to the inclusion or deletion of certain technologies in the Environmental Portfolio.

### Criteria for including elements in the Environmental Portfolio

An Environmental Portfolio element can be a product, a system, a solution, or a service, as defined above.

If all products, systems, solutions, or services of a Siemens’ organizational unit meet one of the selection criteria, this unit may be considered as an Environmental Portfolio element as a whole.

Furthermore, a core component of a system or solution may qualify as an Environmental Portfolio element if the component provided by Siemens is key to enabling environmental benefits resulting from the system’s or solution’s overall application. This means that the environmental functionality of the overall system or solution cannot be achieved without the component provided by Siemens. Examples of core components qualifying as elements of the Siemens Environmental Portfolio are components for generating energy from wind power devices.

Service types are differentiated between “product-related service” and “value-add service”. In cases in which a Siemens product, system, or solution qualifies as an Environmental Portfolio element, the revenue, and if applicable, the annual customer reduction of carbon dioxide emissions of the “product-related service”, shall generally be accounted for and reported on in line with the related Environmental Portfolio element. In cases of “value-add services” the revenue and, if applicable, the annual customer reduction of carbon dioxide emissions, shall be accounted for and reported on only if the service itself qualifies as an Environmental Portfolio element by meeting one of the selection criteria as defined below.

To qualify for inclusion in the Environmental Portfolio, an element must meet one of the following selection criteria. Products, systems, solutions, and services with planned application in military use or nuclear power are not included in the Environmental Portfolio.

### Energy efficiency

The criterion for energy efficiency is an improvement in energy efficiency of 20% or more during the customer use phase compared to the applicable baseline, or a reduction of at least 100,000 metric tons of carbon dioxide equivalents per reporting period in the customer use phase compared to the applicable baseline. If an energy efficiency increase can only be reasonably defined as reduction of dissipation losses, a 20% reduction of dissipation loss would also qualify products for our Environmental Portfolio.

An example of a product and system meeting the above-mentioned energy efficiency criterion is an intelligent building technology system (reducing carbon dioxide emissions by at least 100,000 metric tons per reporting period) or rail transportation solution (20% efficiency improvement).

### Renewable energy

This criterion covers technologies in the field of renewable energy sources or smart grid<sup>1</sup> applications and their respective core components. The scope of the renewable energy criterion is power generation and heat generation from, for example wind power (onshore and offshore) or biomass.

Examples of the respective Environmental Portfolio elements are key components for wind turbines or Smart Metering solutions.

### Determining the reference solution – baseline methods

Energy efficiency and annual customer reduction of carbon dioxide are all assessed by carrying out a comparison with a reference solution (baseline). There are three different options for the reference solution: before-and-after comparison, direct comparison with a reference technology, or comparison with an installed base. The final decision as to which baseline is used is taken by the respective Company within Siemens based on the following options:

#### Before-and-after comparison

A before-and-after comparison refers to the difference between an initial situation at the customer and the situation after installation of a Siemens product, system, solution or service. A before-and-after comparison implies the presence of a preexisting product, system, solution, or service at the customer, the characteristics of which are improved or substituted by the employment of a Siemens product, system, solution, or service. This comparison may be applied, for example, in cases in which a Siemens product, system, solution, or service optimizes the energy consumption of a building.

<sup>1</sup> According to the National Institute of Standards and Technology (NIST) – Smart Grid Interoperability Standards Project (USA), the term smart grid, “refers to a modernization of the electricity delivery systems so it monitors, protects and automatically optimizes the operation of its interconnected elements – from the central and distributed generation through the high-voltage transmission network and the distribution system, to industrial users and building automation systems, to energy storage installations and to end-use consumers and their thermostats, electric vehicles, appliances, and other household devices.”



### Direct comparison with a reference technology

Direct comparison with a reference technology refers to the difference between the Siemens product, system, solution, or service and either an appropriate single other technology or a predecessor. Direct comparison with a reference technology implies the existence of one alternative or predecessor product, system, solution, or service in the market which is employed for the same or a similar purpose. This comparison may be applied, for example, by rail transportation solutions in comparison to road or air traffic.

### Comparison with an installed base

Comparison with an installed base refers to the difference between the Siemens product, system, solution, or service and an average of several installations employed for the same or a similar purpose. Comparison with an installed base implies the existence of global or regional average data on several installed products, systems, solutions, or services employed for the same or a similar purpose. This comparison may be applied, for example, to motors with frequency converter and motors without.

When calculating emission reductions compared to the baseline, we consider either direct savings (e.g., by efficient motors) or the indirect effects that occur when different products in a system interact and create emission reductions (e.g., components for building automation). If Siemens only delivers core components but not the entire system, annual customer reduction of carbon dioxide emissions will only be calculated for these parts.

The baselines are reviewed annually and, if necessary adjusted, such as when statistical data on the installed base is updated because of technical innovations or regulatory changes.

The calculation of the reduction of carbon dioxide emissions is based on a specific comparison for every relevant Environmental Portfolio element with a

baseline. For this calculation, we focus on those elements that have a material impact on the overall carbon dioxide emissions reduction.

### Emission factors for calculating the annual reduction of carbon dioxide emissions

For some emission reduction calculations, the baseline reference for the installed base is determined using known global emission factors such as those for power production. The baselines used for our calculations are mainly based on data from the International Energy Agency (IEA) for gross power production and for grid losses, on data from the Intergovernmental Panel on Climate Change (IPCC) for fuel-based emission factors, and our own assessments of power production efficiency.

The most relevant emission factors applied in 2020 are:

Emission factors for CO <sub>2</sub> abatement calculation		
Category	Emission factor (g CO <sub>2</sub> /kWh)	Basis for comparison of Environmental Portfolio elements
Global power generation all primary energy carries	525	Power generation
Global power generation fossil energy carries	811	Renewables
Utilization of electricity (including transmission losses)	567	All types of utilization of electricity apart from trains

Source: IEA (IEA World Energy Outlook 2019 with 2019 figures for the current and 2018 figures for the previous fiscal year), own calculations.

For consistency reasons, we generally apply global emission factors for calculating emission reductions unless specific conditions of a solution require application of local emission factors. For the calculation of annual customer reductions of carbon dioxide emissions, e. g., for wind turbines, we apply the emission factor 811 g / kWh of global fossil power production as the baseline.

Generally, our approach includes all greenhouse gases covered by the Kyoto Protocol. However, for power production and electrical applications, we consider the only relevant greenhouse gas to be carbon dioxide. If other greenhouse gases occur in technical applications, they are included in our calculations.

For some Environmental Portfolio elements, we do not know the detailed parameters of use at our customers. We therefore apply internal and external expert estimates for these, following the principle of conservativeness.

### Reporting estimates

To date, there is no applicable international standard that applies across companies for qualifying products, systems, solutions, and services for environmental and climate protection, or for compiling and calculating the respective revenue and the quantity of reduced carbon dioxide emissions attributable to such products, systems, solutions, and services.

Thus, the inclusion of elements in the Environmental Portfolio is based on criteria, methodologies, and assumptions that other companies and other stakeholders may view differently. Factors that may cause differences, among others, are: choice of applicable baseline methodology, application of global emission factors that may be different from local conditions,

use patterns at customers that may be different from standard use patterns used for carbon dioxide emission reduction calculations, assessment of the life span of the Environmental Portfolio elements, internal assessments of our own power production efficiency factors, share of a core component, and expert estimates if no other data is available.

Accordingly, revenue from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions may not be comparable with similar information reported by other companies. We report the annual carbon dioxide emissions reduction in the period of installation of the Environmental Portfolio element. The period of installation will be determined by milestones or based on estimated construction periods. This may differ from the timing of revenue recognition.

Furthermore, we subject revenue from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions to internal documentation and review requirements which are less sophisticated than those applicable for our financial information. We may change our policies for recognizing revenue from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions in the future without prior notice.

## 7.3

## Task Force on Climate-related Financial Disclosure (TCFD)

The G20 Financial Stability Board Task Force on Climate-related Financial Disclosure released a voluntary, consistent framework for companies to report on their climate-related risk and opportunities in order to disclose this information to investors, lenders, insurers and other stakeholders. This Annex outlines in brief Siemens' disclosure to these recommendations with respective references, where more information can be found.

### Our climate action governance

#### Board level governance

All strategic sustainability activities are managed by our Chief Sustainability Officer (CSO), who is a member of the Siemens Managing Board and Chairman of the Siemens Sustainability Board (SSB). The Siemens Sustainability Board (SSB) is the central steering committee for the strategic development of sustainability in the Group, decides on important sustainability issues, and prepares recommendations for the Managing Board, such as the decision to become carbon neutral by 2030. In this respect, the SSB is responsible for our strategic response to climate change issues along the value chain, e.g., setting targets, KPIs, and reviewing climate change risk and opportunities. For this reporting year again, climate change was on the agenda of every single SSB meeting covering topics such as progress in our CO<sub>2</sub>-Neutral Program CO<sub>2</sub>N or scope 3 emissions within our supply chain.

More information: [▶ CHAPTER SUSTAINABLE MANAGEMENT, CDP C1.1A & B](#)

#### Business and Management level governance

The Siemens Sustainability Director manages Sustainability and supports the CSO in the performance of tasks. The Sustainability Director reports to the CSO and is a member of the SSB. The Department of Sustainability is among others responsible for observing sustainability trends, analyzes potential impacts on Siemens, prepares decisions for initiatives and pilot projects. This includes defining Siemens climate strategy and managing the CO<sub>2</sub> neutral program. The CEOs of the businesses are responsible for strategically considering sustainability issues such as climate change aspects along the whole value chain within their business activities. This means to systematically integrate both sustainability-related business opportunities and business risks in decisions, strategies, processes, and systems, and appoint respective Sustainability Managers. This person maintains a close dialogue with their colleagues and the Department of Sustainability and forms a network of sustainability experts. Specialist functions such as the environmental, health and safety (EHS) are responsible for the company-wide implementation of sustainability-related topics in their areas of responsibility. For example, the EHS department performs local climate risk assessment based on the emergency response process or manages greenhouse gas emission within our own operation. Whereas the Supply Chain Management department supports our businesses in managing climate risk within the supply chain. This ensures the full and correct implementation of all climate related measures and initiatives.

More information: [▶ CHAPTER ENVIRONMENT and SUSTAINABLE MANAGEMENT, CDP C1.2, C1.2A](#)

## Our strategic response to climate-related risk and opportunities

### Managing climate-related risk and opportunities

We do not see any substantial transitional or physical risk arising from climate change that have a material impact on Siemens, but rather consider the transition toward a low carbon economy as an opportunity. Climate change and its mitigation are significant issues for our stakeholders. As such, we enable our customers to lower their GHG emissions by providing low carbon and energy-efficient products, solutions, and services. Our Environmental Portfolio (EP) helps our customers to mitigate their CO<sub>2</sub> footprint, reduce energy costs and improve profitability through higher productivity. In fiscal 2020, we managed to reduce 150 million metric tons of CO<sub>2</sub> at customer sites. Our business SI for example has been established with the priority focus on decentralization, decarbonization as well as energy efficiency in buildings and cities. SI strategy addresses the ongoing challenges and seizes the opportunities of new technologies around the grid edge with products and solutions for decentralized energy systems, photovoltaic inverters, energy storage, smart and sustainable buildings, and electro mobility, enabled by digitalization. For example, have been guaranteeing energy performance contracts since 1995 and have to date enabled our customers to save 13 million tons of CO<sub>2</sub>. With respect to our own operation, we are committed to becoming carbon neutral in 2030. This year we managed to halve our emissions compared to 2014. Among other benefits, this program reduced potential carbon taxational risk on our operations. Through our dedicated decarbonization program within the supply chain, we also reduce aforementioned risk upstream [CLIMATE ACTION](#) and [SUPPLY CHAIN SECTION](#).

Concerning potential physical risk, we continuously evaluate and monitor changes in climate parameters based on global studies, weather statistics as well as trends based on international experience of insurance companies. We do not consider those risks to lead to substantive changes in operations, revenue, or expenditure as they allow for mitigation. In addition, we perform local risk assessments and develop protection concepts if needed. Furthermore, our insurance department provides natural hazard risks analysis for each new building project that drives the selection process for new site areas and influences technical, organizational, and physical protection measures. The collected data and information allow us to identify geographical areas where we pay special attention at our sites in terms of risks from changes to physical climate parameters. For example, at one of our German sites Penig, we installed flood protection measures in 2013 as a preventative measure. This measure was put to the test in 2018 and proved effective, when our site was not impacted despite heavy floods within the area. In 2020, we further enhanced our processes for physical risk assessment, as we are faced with a more competitive insurance market with less overall insurer capacity most likely driven by increasing overall impacts of natural disasters. Jointly with our insurer and our risk management partner, we evaluate on a yearly basis 80% of our insured value with respect to fire safety but also natural catastrophes, e.g., storms, floods, hurricanes. The analysis was based on RMS (Risk Management Solution) data. This analysis revealed that major sites were exposed. We see floods exposure mainly in Europe whereas some sites in the U.S., Philippines, or Japan are exposed to storms or hurricanes. For these identified sites, a more detailed risk analysis was performed, and results provided to our insurer to adjust payment conditions. In addition, and in alignment with our overall EHS emergency response management sys-

tem, we provided measures to be taken by the identified sites such as installation of flood barriers, thickening of roofs. The requirements for risk mitigation measures are continuously enhanced and consider risk changes.

This process is complementary to the implementation of the Siemens Water Strategy. Based on our global binding EHS regulation, every environmentally relevant site must perform a risk assessment. This includes the evaluation of water-related climate change risks such their water stress level, exposure to flooding, droughts, and general water availability. For this assessment we use Aqueduct (WRI) and IPCC data to predict changes in precipitation. This assessment is verified by our Siemens Water Tool with each site responsible for performing a bottom up analysis. In fiscal 2020 we had analyzed 97% of locations. One example for an acute physical risk could be from drought in water-stressed areas. One of our sites in India has established a comprehensive water management system with active collection of rainwater during the monsoon, which is fed back into the ground to increase necessary groundwater level during dry season instead of letting it run off through sewers. In addition, the site benefits, as it is more independent from the public water supply.

#### MORE INFORMATION

In addition to our own operation, natural disasters could potentially interrupt our supply chain. However, supply chain risks are low, due to our diversified supplier base, worldwide operations and a limited number of Siemens facilities concentrated in any particular region, including those regions more likely to be affected by natural disasters. Nevertheless, we analyze potential supply chain disruptions both within our supplier selection and qualification process as well as in the phase of continuous supply chain operations. Based on external real-time data from ser-

vice provider risk methods, which indicates risk alerts in any region worldwide, our businesses are mitigating upcoming supply chain risks to ensure flawless deliveries to our customers. Due to proven risk indicators such as natural disasters, COVID-19-related lockdown areas and financial alert data, which will be supported through AI-driven data analytics, we preventively managed several risk cases (e.g., COVID-19, natural disasters) to ensure the resilience of our supply chain during major crises.

#### CHAPTER CLIMATE ACTION

##### SUSTAINABILITY IN THE SUPPLY CHAIN

 ANNUAL REPORT A.8.3 RISK, A.8.4 OPPORTUNITIES, CDP C2.1-C2.4A, C3.1D

### **Climate-related scenario analysis**

Several climate related scenarios are used for different purposes: business strategy or decarbonization strategy. Decarbonization will transform the whole energy value chain over the next few decades. We consider ourselves a leading partner for decarbonization for our customers and society by providing innovative technologies. This includes an understanding of the technological changes required for the next 30 + years and costs involved. To achieve this, we have implemented comprehensive multi-modal simulation tools which we have developed ourselves and have been comparing the results with external research studies (e.g., IRENA, Fraunhofer, IHS, Agora Energiewende, IEA). With respect to our own operation, we performed scenario analysis as a stress test on our carbon neutral program in order to ensure that the existing plans are resilient to higher energy or CO<sub>2</sub>-prices. For this, Siemens Smart Infrastructure experts applied a so-called high-price scenario utilizing IHS Autonomy, IEA Sustainable Development Scenario and the Greenpeace Energy Revolution scenario to identify potential risks to our CO<sub>2</sub>-reduction plan. Using predictions on energy prices from these scenarios and a forecast for CO<sub>2</sub> prices from the

High-Level Commission on Carbon-Pricing, the program was checked, and necessary adjustments evaluated. The results of the analysis showed that the existing program is sufficiently resilient.

For our business, climate-related scenario analysis enables us to foresee potential consequences from regulatory changes, R&D, and customer trends and requirements. For example, in fiscal 2020, SI performed forward-looking scenario analysis in accordance with the recommendation provided by TCFD. Besides IHS scenarios, the IEA SDS scenarios were applied looking at indicators such as uptake of renewables, need for decentralization, increase demand for energy efficiency or CO<sub>2</sub> prices for 2020-2040. The project did not influence the strategy but strongly confirmed it. The analysis revealed that SI portfolio is resilient to climate change. In fact, the majority of SI portfolio benefit from energy transformation such as VPP (Virtual Power Plant), DES (Decentralized Energy System), future grids; DG (Digital Grid), or storage today and even stronger in next decades.

More information: [↗ CDP C3.1A,B](#)

## Our risk management approach to climate-related risk and opportunities

### Basic principles of risk management

Our risk management policy stems from a philosophy of pursuing sustainable growth and creating economic value while managing appropriate risks and opportunities and avoiding inappropriate risks. As risk management is an integral part of how we plan and execute our business strategies, our risk management policy is set by the Managing Board. Our organizational and accountability structure requires each of the respective managements of our organizational units to implement risk management programs that are tailored to their specific industries and responsibilities, while being consistent with the overall policy.

### Enterprise risk management process

We have implemented and coordinated a set of risk management and control systems which support us in the early recognition of developments that could jeopardize the continuity of our business. The most important of these systems include our enterprise-wide processes for strategic planning and management reporting. Strategic planning is intended to support us in considering potential risks well in advance of major business decisions, while management reporting is intended to enable us to monitor such risks more closely as our business progresses. Our internal auditors regularly review the adequacy and effectiveness of our risk management. Accordingly, if deficits are detected, it is possible to adopt appropriate measures for their elimination. This coordination of processes and procedures is intended to help ensure that the Managing Board and the Supervisory Board are fully informed about significant risks in a timely manner.

Risk management at Siemens builds on a comprehensive, interactive, and management-oriented Enterprise Risk Management (ERM) approach that is integrated into the organization and that addresses both risks and opportunities. Our ERM approach is based on the globally accepted COSO Standard (Committee of Sponsoring Organizations of the Treadway Commission) "Enterprise Risk Management – Integrating with Strategy and Performance" (2017) and the ISO (International Organization for Standardization) Standard 31000 (2018) and is adapted to Siemens requirements. The frameworks connect the ERM process with our financial reporting process and our internal control system. They consider a company's strategy, the efficiency and effectiveness of its business operations, the reliability of its financial reporting, and compliance with relevant laws and regulations to be equally important.

Our ERM process aims for early identification and evaluation of, and response regarding, risks and opportunities that could materially affect the achievement of our strategic, operational, financial, and compliance objectives. The time horizon is typically three years, and we take a net risk approach, addressing risks and opportunities remaining after the execution of existing control measures. If risks have already been considered in plans, budgets, forecasts, or the consolidated financial statements (e.g., as a provision or risk contingency), they are supposed to be incorporated with their financial impact in the entity's business objectives. As a consequence, only additional risks arising from the same subject (e.g., deviations from business objectives, different impact perspectives) should be considered. In order to provide a comprehensive view of our business activities, risks and opportunities are identified in a structured way combining elements of both top-down and bottom-up approaches. Reporting generally follows a quarterly cycle; we complement this periodic reporting with an ad-hoc reporting process that aims to escalate critical issues in a timely manner. Relevant risks and opportunities are prioritized in terms of impact and likelihood, considering different impact perspectives, including business objectives, reputation and regulatory requirements. The bottom-up identification and prioritization process is supplemented by workshops with the respective managements of our organizational units. The top-down element ensures that potential new risks and opportunities are discussed at different management levels and are included in the subsequent reporting process, if found to be relevant. Reported risks and opportunities are analyzed regarding potential cumulative effects and are aggregated within and for each of the organizations mentioned above.

Responsibilities are assigned for all relevant risks and opportunities, with the hierarchical level of responsibility depending on the significance of the respective risk or opportunity. In a first step, assuming responsibility for a specific risk or opportunity involves choosing one of our general response strategies. Our gen-

eral response strategies with respect to risks are avoidance, transfer, reduction, or acceptance of the relevant risk. Our general response strategy with respect to opportunities is to "seize" the relevant opportunity. In a second step, responsibility for a risk or opportunity also involves the development, initiation and monitoring of appropriate response measures corresponding to the chosen response strategy. These response measures have to be specifically tailored to allow for effective risk management. Accordingly, we have developed a variety of response measures with different characteristics. For example, we mitigate the risk of fluctuations in currency and interest rates by engaging in hedging activities. Regarding our projects, systematic and comprehensive project management with standardized project milestones, including provisional acceptances during project execution and complemented by clearly defined approval processes, assists us in identifying and responding to project risks at an early stage, even before the bidding phase. Furthermore, we maintain appropriate insurance levels for potential cases of damage and liability risks in order to reduce our exposure to such risks and to avoid or minimize potential losses. Among others, we address the risk of fluctuation in economic activity and customer demand by closely monitoring macroeconomic conditions and developments in relevant industries, and by adjusting capacity and implementing cost-reduction measures in a timely and consistent manner if they are deemed necessary. Worldwide there are risks from the transmission of infectious agents from animals to humans, from humans to humans, and in other ways. Epidemic, pandemic, or other spread patterns such as bioterrorism threaten to cause high disease rates in different countries, regions, or continents. We constantly check information from the World Health Organization (WHO), the American and European Centers of Disease Control, the German Robert Koch Institute and other institutions in order to be able to identify epidemic or pandemic risks and related mitigation actions as early as possible.

More information: [➤ ANNUAL REPORT CHAPTER A.8](#)

## Climate risk within risk management

The risks and opportunities related to climate change are incorporated into the Siemens-wide ERM approach. The evaluation of climate risks and opportunities are integrated into the top-down process, which jointly with the bottom-up approach provides a comprehensive overview of our business activities. In fiscal 2020, the criteria for this climate change related top-down approach were specified in more detail based on the TCFD recommendations. They are therefore available to all businesses as part of their quarterly risk management discussions.

Climate change is not a separate category within ERM, but is rather considered within the risk identification of the four areas: strategic, operational, financial, and compliance-related risks. In order to evaluate the potential climate change related net-risk for our ERM reporting, pre-ERM processes are in place. These include for example our environmental management system with its corresponding risk assessment of environmental impacts from our production or products [↗ CHAPTER ENVIRONMENT](#).

The disclosure of risks is respectively bundled within the above-mentioned four areas and outlined in our Annual Report. Concerning climate change, we see respective measures that need to be taken as a business opportunity. [↗ ANNUAL REPORT SECTION A 8.4](#) Favorable political and regulatory environment (including sustainability): By enabling our customers to lower their GHG (Greenhouse Gas Emissions) emissions across our portfolio and by reducing CO<sub>2</sub> emission in our own operation, Siemens strives to support the trend towards a low-carbon economy. Recent legislative and governmental accelerate to mitigate climate change worldwide, especially in Europe through e.g. the Green Deal or Sustainable Finance Initiative represent an opportunity for Siemens.

More information: [↗ ANNUAL REPORT A.8, CDP C2.2, SUSTAINABILITY REPORT CHAPTER ENVIRONMENT](#)

## Metrics and targets

Siemens considers climate related risk and opportunities along the complete value chain and as such defines metrics to reduce GHG in supply chain, own operation, and for goods and services we provide to our customers. We disclosed GHG emissions and the related risks and opportunities. [↗ SUSTAINABILITY REPORT CHAPTER ENVIRONMENT AND OUR CDP DISCLOSURE](#).

In September 2015, Siemens was the first global industrial company to commit to carbon neutrality. In fiscal 2020, we halved our footprint of our own operations compared to 2014 and aim to become carbon neutral by 2030. The CO<sub>2</sub> reduction has been achieved through a series of ongoing activities in 4 levers: 1. Energy Efficiency Program. 2. Distributed Energy Systems. 3. Car Fleet 4. Green Electricity. From 2030 on, we will remain carbon neutral, also by using offsets to compensate for unabated emissions.

More information: [↗ SUSTAINABILITY REPORT CHAPTER ENVIRONMENT, CDP C4, C6, C8 AND C9, ↗ ANNUAL REPORT A10 COMPENSATION REPORT](#)



7.4

# GRI Standards – key topics and boundaries

## Siemens principles, key topics, and boundaries

No	1.Profit	Internal Boundaries	External Boundaries	GRI Standards	Sustainable Development Goals
1.1	We contribute to our customers' competitiveness with our products, solutions, and services.		Customers	<b>GRI Standard 201</b> Economic Performance <b>GRI Standard 202</b> Market Performance	3 7 8 9 11 12 13
1.2	We partner with our customers to identify and develop sustainability related business opportunities.	own operations	Customers	<b>GRI Standard 201</b> Economic Performance	3 7 8 9 11 12 13
1.3	We operate an efficient & resilient supply chain through supplier code of conduct, risk management, and capacity building.	own operations	Suppliers	<b>GRI Standard 204</b> Procurement Practices <b>GRI Standard 308</b> Supplier Environmental Assessment <b>GRI Standard 408</b> Child Labor <b>GRI Standard 414</b> Supplier Social Assessment	4 5 16 8 10 12
1.4	We proactively engage with our stakeholders to manage project and reputational risks and identify business relevant trends	own operations	Customers, Suppliers, Society	<b>GRI Standard 201</b> Economic performance <b>GRI Standard 412</b> Human Rights	17
1.5	We adhere to the highest compliance & anti-corruption standards and promote integrity via the Siemens Integrity Initiative.	own operations	Customers, Suppliers, Society	<b>GRI Standard 205</b> Anti-Corruption <b>GRI Standard 206</b> Anti-Competitive Behavior <b>GRI Standard 307</b> Environmental Compliance <b>GRI Standard 408</b> Child Labor <b>GRI Standard 409</b> Forced or Compulsory Labor <b>GRI Standard 412</b> Human Rights <b>GRI Standard 419</b> Socioeconomic Compliance	8 16 17

## Siemens principles, key topics, and boundaries

No	2. Planet	Internal Boundaries	External Boundaries	GRI Standards	Sustainable Development Goals
2.1	We enable our customers to increase energy efficiency, save resources, and reduce carbon emission	own operations	Customers	<b>GRI Standard 302</b> Energy <b>GRI Standard 305</b> Emissions	7 12 13
2.2	We develop our products, solutions, and services based on a life cycle perspective and sound eco-design standards.	own operations	Customers	<b>GRI Standard 301</b> Materials	12
2.3	We minimize the environmental impacts of our own operations by applying environmental management programs.	own operations	Society	<b>GRI Standard 301</b> Materials <b>GRI Standard 302</b> Energy <b>GRI Standard 303</b> Water <b>GRI Standard 305</b> Emissions <b>GRI Standard 306</b> Effluents and Waste	3 6 7 12 13

Siemens principles, key topics, and boundaries

No	3. People	Internal Boundaries	External Boundaries	GRI Standards	Sustainable Development Goals
3.1	We contribute to the sustainable development of societies with our portfolio, local operations, and thought leadership.		Society	<b>GRI Standard 203</b> Indirect Economic Impacts <b>GRI Standard 412</b> Human Rights <b>GRI Standard 413</b> Local Communities	3 4 5 7 8 9 11 12 13 16 17
3.2	We foster long-term relationships with local societies through Corporate Citizenship projects jointly with partners.	own operations	Society	<b>GRI Standard 203</b> Indirect Economic Impacts <b>GRI Standard 413</b> Local Communities	3 4 9 11
3.3	We live a zero-harm culture and promote the health of our employees.	own operations	Suppliers	<b>GRI Standard 403</b> Occupational Health and Safety	3 8
3.4	We live a culture of leadership based on common values, innovation mindset, people orientation, and diversity.	own operations		<b>GRI Standard 401</b> Employment <b>GRI Standard 404</b> Training and Education <b>GRI Standard 405</b> Diversity and Equal Opportunity <b>GRI Standard 406</b> Non Discrimination <b>GRI Standard 408</b> Child Labor <b>GRI Standard 412</b> Human Rights	4 5 8 9 10 16

The detailed GRI Standard Index – Comprehensive Option is available on our Sustainability website.

## 7.5

# United Nations Global Compact

Siemens has been member of the UN Global Compact since 2003 and is committed to upholding the Compact's Ten Principles. Our "Sustainability Information 2020," our online Communication on Prog-

ress at the UN Global Compact webpage, and the following report index, describes the progress we have made during fiscal 2020.

## Index according to the Ten Principles of the Global Compact

Principle	Systems	Measures	Achievements
<a href="#">Principle 1</a> <a href="#">Support of human rights</a>	Our pledge to safeguard human rights is rooted in the Siemens Business Conduct Guidelines (BCGs). The BCGs are required for all employees and business partners worldwide. They set out the fundamental principles and rules that apply to our actions within our company and in relation to our customers, external partners, and the public. Our Siemens Business Conduct Guidelines (BCG) provide the ethical and legal framework within which we conduct our business activities.	The following fundamental rights are enshrined in our Business Conduct Guidelines: → No discrimination, respect for the principles of equal opportunity, and equal treatment → Free choice of employment (no forced labor) → Prohibition of child labor → Decent wages → Freedom of collective bargaining and association → Compliance with safety rules	In the year under review, the number of sustainability self-assessments added up to 4,759. We conducted 374 supplier quality audits with integrated sustainability questions and 269 external sustainability audits. In external sustainability audits, we identified a total of 5,394 potential improvements.
<a href="#">Principle 2</a> <a href="#">Exclusion of human rights abuses</a>			
<a href="#">Principle 3</a> <a href="#">Assurance of freedom of association</a>	They contain our basic principles and rules for our conduct internally and externally, for example on human rights core labor standards.	Our Code of Conduct (CoC) for Siemens suppliers and Third-Party Intermediaries encompasses the following human rights topics: → Fair labor conditions (pay, working hours, vacation) → Right to freedom of association → Responsibility for health and safety standards → Prohibition of discrimination → Prohibition of forced labor and child labor → Provision of anonymous complaint mechanisms	Human rights is a continuous awareness topic. In fiscal 2018, Siemens joined the European Business and Human Rights Peer Learning Group of the Global Compact Network. It is designed as a human rights peer learning group for European companies from different sectors and sizes – on business and human rights.  At the end of fiscal 2020, we introduced a new digital risk due diligence tool (ESG Radar) on the basis of material risk fields.
<a href="#">Principle 4</a> <a href="#">Elimination of all forms of forced labor</a>			
<a href="#">Principle 5</a> <a href="#">Abolition of child labor</a>	With our Code of Conduct (CoC) for Siemens suppliers we ensure that these basic rights and principles are also observed in our supply chain.		
	We have undergone a company-wide internal human rights risk assessment as part of our Compliance Risk Assessment (CRA).		
	<a href="#">➤ SUSTAINABLE DEVELOPMENT OF SOCIETIES</a> <a href="#">➤ SUPPLY CHAIN MANAGEMENT</a> <a href="#">➤ HUMAN RIGHTS</a>	<a href="#">➤ SUPPLY CHAIN MANAGEMENT</a> <a href="#">➤ HUMAN RIGHTS</a>	<a href="#">➤ OUR KEY AREAS OF IMPACT</a> <a href="#">➤ SUPPLY CHAIN MANAGEMENT</a> <a href="#">➤ HUMAN RIGHTS</a>

Index according to the Ten Principles of the Global Compact

Principle	Systems	Measures	Achievements
<p><b>Principle 6</b> Elimination of discrimination</p>	<p>We do not tolerate discrimination and have anchored that in the Siemens Business Conduct Guidelines. At Siemens, diversity stands for the inclusion and collaboration of different ways of thinking, backgrounds, experiences, competences, and individual qualities across all levels and dimensions of the company. We actively foster diversity within the company by creating a working environment that is open to all people. We are amongst signatories of the “Charta der Vielfalt.”</p> <p>➤ <b>WORKING AT SIEMENS</b></p> <p>➤ <b>EMPLOYEE DIVERSITY</b></p>	<p>Our more than 80 global diversity networks promote and discuss diversity topics across the company. These groups and programs include the Global Leadership Organization of Women (GLOW), Diversity Ambassador, and GENE, our generation’s network to foster cross-generation exchange. The effectiveness of the implementation of diversity initiatives is regularly monitored through key figures (including the proportion of women, generations, nationalities) and published in our Diversity &amp; Inclusion Fact Sheet.</p> <p>Diversity focus areas are:</p> <ul style="list-style-type: none"> <li>→ Consciously addressing unconscious bias,</li> <li>→ promoting gender balance,</li> <li>→ fostering the value of globality,</li> <li>→ encouraging diversity &amp; inclusiveness.</li> </ul> <p>➤ <b>EMPLOYEE DIVERSITY</b></p>	<p>In fiscal 2020, 168 different nationalities were represented in the Siemens workforce. More than 170,000 employees have already completed the unconscious bias training. The Ability@Siemens initiative promotes a culture of integration for more than 5,300 people with disabilities.</p> <p>In the year under review, Siemens in Germany made around 10% of apprenticeship positions available to disadvantaged young people who could not find another training position. Siemens Professional Education (SPE) provides support classes for refugees as part of a special integration initiative.</p> <p>➤ <b>TRAINING AND DEVELOPMENT</b></p>
<p><b>Women Empowerment</b></p>	<p>In 2016, we committed to the UNGC Women’s Empowerment Principles and signed the Diversity Charter, an initiative by the German government.</p> <p>➤ <b>SUSTAINABILITY MANAGEMENT</b></p> <p>➤ <b>EMPLOYEE DIVERSITY</b></p>	<p>We encourage the use of the Women Empowerment Principles as guide posts for actions that advance and empower women in the workplace, marketplace and community, and communicate progress through the use of sex-disaggregated data and other benchmarks.</p> <p>➤ <b>WORKING AT SIEMENS</b></p> <p>➤ <b>EMPLOYEE DIVERSITY</b></p>	<p>In the year under review, women accounted for 26% of our total workforce. The proportion of female employees in management positions at Siemens has risen continuously in recent years and is now 18.4%.</p> <p>In fiscal 2020, the number of women hired amounted to 29.7% of all new hires.</p> <p>➤ <b>OUR KEY AREAS OF IMPACT</b></p> <p>➤ <b>EMPLOYEE DIVERSITY</b></p>

## Index according to the Ten Principles of the Global Compact

Principle	Systems	Measures	Achievements
<p><b>Principle 7</b></p> <p>Precautionary approach to environmental protection</p>	<p>Siemens has an EHS management system in place to manage its environmental performance. All relevant production and office sites are obliged to implement an environmental management system which fulfills the requirements of the internationally recognized ISO 14001 standard as well as our own internal standard "Specifications on environmentally compatible product and system design."</p> <p>➔ ENVIRONMENT</p>	<p>Our programs "Serve the Environment" (StE), "CO<sub>2</sub> neutral Siemens", and "Product Eco Excellence" address all our material environmental impacts or industrial environmental protection and product-related environmental protection respectively. Since fiscal 2016, we report Scope 3 from supply chain, such as business travel, capital goods, fuel and energy related activities, and transportation.</p> <p>➔ SUSTAINABILITY MANAGEMENT</p> <p>➔ ENVIRONMENT</p>	<p>Siemens launched the global Carbon Neutral program in September 2015 with an eye to its own business activities. We shrank our own operations' carbon footprint by half between 2014 and 2020, achieving our interim target. In fiscal 2020, Siemens (incl. Siemens Energy) reduced its CO<sub>2</sub> emissions by 1.2 million tons CO<sub>2</sub> compared to the baseline in fiscal 2014. In Germany, almost 100% of the electricity consumption of our sites is already covered by renewables.</p> <p>For Scope 1 and 2 combined we reached a reduction in emissions of 225 kt CO<sub>2</sub> e.</p> <p>➔ OUR KEY AREAS OF IMPACT</p> <p>➔ SUSTAINABILITY MANAGEMENT</p> <p>➔ ENVIRONMENT</p>
<p><b>Principle 8</b></p> <p>Specific initiatives to promote environmental protection</p>	<p>Raising our employees' awareness of environmental and climate protection is an element of both our environmental strategy and our social commitment. With internal communication measures and our corporate citizenship focus on "sustaining communities," we help create a greater sense of responsibility for ecological issues.</p> <p>➔ SUSTAINABILITY MANAGEMENT</p> <p>➔ CORPORATE CITIZENSHIP</p>	<p>Siemens maintains a global environmental communications network to ensure that knowledge about environmental management, methods, solutions, and experiences is communicated across locations, businesses, and national borders.</p> <p>For years, we have been an engaged member of One Young World, the Carbon Pricing Leadership Coalition of the World Bank (CPLC), and the WEF.</p> <p>➔ SUSTAINABILITY MANAGEMENT</p>	<p>In the year under review, we donated €33.7 million for corporate citizenship activities. Siemens took part in the Conference of Parties (COP) in Madrid / Spain in November 2019, where we again gave insights how renewable energy can contribute to the decarbonization of the industry. In October 2019 we attended the One Young World Summit in London / UK.</p> <p>➔ OUR KEY AREAS OF IMPACT</p> <p>➔ SUSTAINABILITY MANAGEMENT</p> <p>➔ CORPORATE CITIZENSHIP</p>
<p><b>Principle 9</b></p> <p>Development and diffusion of environmentally friendly technologies</p>	<p>As part of our Environmental Portfolio, we develop and market products, solutions and services that enable our customers to reduce their CO<sub>2</sub> emissions, lower lifecycle costs, and protect the environment.</p> <p>From 2022, the introduction of the EU taxonomy will result in a classification system for sustainable economic activities that could supplement or replace Siemens AG's previous environmental portfolio reporting.</p> <p>➔ CLIMATE ACTION</p>	<p>We continuously review our portfolio with regards to newly developed or acquired portfolio elements that qualify as Environmental Portfolio elements or exclude elements that no longer fulfill our qualifications criteria.</p> <p>The spin-off of Siemens Energy has shifted the focus of the Siemens AG environmental portfolio to the emissions caused by our products' use of electricity and away from emissions resulting from energy conversion.</p> <p>➔ CLIMATE ACTION</p>	<p>In the year under review, our Environmental Portfolio without Siemens Energy helped our customers and partners throughout the world reduce their CO<sub>2</sub> emissions by 149.6 million metric tons.</p> <p>Continuing operations from our environmental portfolio accounted for 32% of our revenue in fiscal 2020.</p> <p>➔ OUR KEY AREAS OF IMPACT</p> <p>➔ SUSTAINABILITY MANAGEMENT</p> <p>➔ CLIMATE ACTION</p>

## Index according to the Ten Principles of the Global Compact

Principle	Systems	Measures	Achievements
<p><b>Principle 10</b></p> <p>Measures against corruption</p>	<p>The Siemens Business Conduct Guidelines contain the fundamental principles and rules for our conduct within Siemens and in relation to Siemens' customers, external partners, and the general public. They also serve as an expression of our values and form the basis for detailed internal regulations. The Business Conduct Guidelines are binding for all Siemens employees around the world.</p> <p>Our compliance system is designed to ensure that our business practices worldwide comply with these guidelines and follow applicable laws. It is therefore based on the three pillars of prevent, detect, and respond, and covers the activity fields: anti-corruption, anti-money laundering, antitrust, collective action, data privacy, export control, and human rights.</p> <p>➤ <b>COMPLIANCE</b></p>	<p>At Siemens, we take a zero-tolerance approach to corruption and other breaches of applicable law and our Business Conduct Guidelines. If these do occur, we respond consistently and vigorously.</p> <p>Our compliance priorities are:</p> <ul style="list-style-type: none"> <li>→ Foster Integrity,</li> <li>→ Manage Risk and Assurance,</li> <li>→ Effective Processes,</li> <li>→ Excellent Compliance Team,</li> <li>→ Committed to Business.</li> </ul> <p>Our compliance priorities will further guide our work and be specified by focus areas for fiscal 2021.</p> <p>We are involved in the World Economic Forum and its Partnering Against Corruption Initiative (PACI). We actively support the United Nations Convention against Corruption and the Anti-Bribery Convention of the Organisation for Economic Cooperation and Development (OECD).</p> <p>We supported 77 projects as part of the Siemens Integrity Initiative to combat corruption and fraud in more than 40 countries with U.S.\$ 98.5 million in funding.</p> <p>➤ <b>COMPLIANCE</b></p>	<p>In addition to the results and progress achieved in recent years in many areas of the Siemens compliance system, we made the following progress in fiscal 2020:</p> <ul style="list-style-type: none"> <li>→ Realization of an extensive project with the aim of optimizing various internal compliance processes, a stronger risk focus, and further development of automation.</li> <li>→ New global and web-based BCG training was rolled out to around 191,000 employees around the world, and successfully completed by 165,000 employees (approximately 86%) by the end of fiscal 2020. BCG training will start later for Siemens Healthineers.</li> <li>→ Central continuous monitoring of compliance risks was expanded. Compliance risks relating to the coronavirus pandemic (COVID-19) were analyzed and appropriate measures were defined.</li> </ul> <p>➤ <b>OUR KEY AREAS OF IMPACT</b></p> <p>➤ <b>COMPLIANCE</b></p>

## 7.6

# United Nations Water Mandate

## Progress report

Siemens became a signatory to the United Nations CEO Water Mandate in 2008. Our continuing support for the CEO Water Mandate reflects our commitment on two fronts: Firstly, managing water efficiently in our own facilities and placing similar expectations on our supply chain partners. Secondly, providing solutions that help our customers and societies handle water and wastewater more economically.

## Our own activities

For more information about the resource conservation and water consumption at Siemens locations, see the section [➤ ENVIRONMENT](#) in this report. We are pursuing a new approach to water resources management that was developed in 2012. At locations where there are increased water-related risks – for example, as a result of aridity, high wastewater loads, or poorly developed technical infrastructures – goals that are matched to local circumstances need to be defined. This enables us to effectively reduce risks and negative impacts on the environment. With the Siemens Water Strategy, we aim to reduce the local negative impact of our water use, taking water stress and other risks into account, such as water pollution or flooding of environmentally relevant areas.

We use all our resources carefully and avoid waste of resources wherever it is possible. Amongst others, through Leadership in Energy and Environmental Design (LEED) certification for all our new buildings, where efficient use of water is a key element of the

building design. This certificate we ask for all of our new construction projects.

## Our supply chain partners

Environmental protection requirements for our supply chain partners are included in our Code of Conduct for Siemens Suppliers and Third Party Intermediaries. For more information on these requirements and on supply chain management please refer to [➤ SUPPLY CHAIN MANAGEMENT](#) in this report.

## Our customers

Examples where we provide water management solutions to support our customers include:

### Modern water extraction

Siemens has been commissioned by the A3C consortium to equip eight seawater desalination plants in Saudi Arabia with process automation, drive technology, process instrumentation, and communication technology. This is a follow-on order to an earlier contract, where Siemens were appointed as the the main Electrical Instrumentation and Control Engineering (EI&A) contractor for construction of the first large-scale solar-powered water desalination plant near the Saudi Arabian city Al Khafji. At that plant, efficient use of solar energy significantly reduces operational carbon dioxide (CO<sub>2</sub>) emissions compared to plants using electricity from non-renewable sources. In addition to this, the Siemens technology ensures a plant availability of approximately 98%.



### **Partnership to reduce water losses, secure water supply and increase efficiency**

Siemens and BuntPlanet have signed a sales distributorship agreement: enabling the two companies to provide a comprehensive portfolio on equipment, software, and services, offering advanced solutions for the water industry. Particularly in the area of leakage detection within water distribution networks, this partnership will allow Siemens customers to reduce water losses, secure water supply, and increase efficiency significantly. With this cooperation, both partners will make a major contribution toward securing sustainable water supplies worldwide.

### **Social commitment**

As a member of various international organizations, we're involved in numerous initiatives and programs, including the Action 2020 Water Project of the World Business Council for Sustainable Development. We initiate and implement projects in various regions that promote efficient use of water.

In addition, the Siemens Stiftung drives an entrepreneurial approach to supply clean drinking water to communities. The Safe Water Enterprises is the flagship program for such initiatives, and a recent example includes:

### **Safe Water Enterprises – Kenya**

The Migori region in western Kenya is one of the regions south of the Sahara where people lack access to clean drinking water. A Siemens Stiftung water kiosk provides 20,000 liters of affordable filtered drinking water in the community of Wath Onger. The kiosk provides a source of income for women and since its installation no new cases of cholera were reported. The kiosk is one of 20 Safe Water Enterprises initiated by the community group LAVISO (Lake Victoria AIDS Support Organization).

For more information with regards to the projects of the Siemens Foundation, please refer to:

[WWW.SIEMENS-STIFTUNG.ORG/EN/PROJECTS](http://WWW.SIEMENS-STIFTUNG.ORG/EN/PROJECTS)

## 7.7

## Independent auditor's limited assurance report

The assurance engagement performed by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft relates exclusively to the German PDF-version of the report "Sustainability Information 2020" of Siemens AG. The following text is a translation of the original German Independent Assurance Report.

### To Siemens AG, Berlin and Munich

We have performed a limited assurance engagement on the report "Sustainability Information 2020" of Siemens AG for the reporting period from October 1, 2019 to September 30, 2020 (hereafter the report).

Our engagement exclusively relates to the German PDF-version of the report. Our engagement did not include the information in the Annex to the report as well as any prospective disclosures and links to other web pages. The report is published as a PDF-version at [www.siemens.com/investor/en](http://www.siemens.com/investor/en).

### Management's responsibility

The legal representatives of Siemens AG are responsible for the preparation of the report in accordance with the reporting criteria and for the selection of the information to be assessed. As reporting criteria, the Company applies the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and, for the key performance indicators of the Environmental Portfolio, the reporting principles as outlined in the Annex "Environmental Portfolio Reporting Principles" and the underlying criteria set forth in "A Corporate Accounting and Reporting Standard – Revised Edition" and "GHG Protocol for Project Accounting" issued by the Greenhouse Gas Protocol Initiative.

This responsibility includes the selection and application of appropriate methods to prepare the report as well as making assumptions and estimates related to individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a report that is free from – intended or unintended – material misstatement.

### Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

## Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the report of the Company has been prepared, in all material respects, in accordance with the reporting criteria. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between May and November 2020, we performed amongst others the following assurance and other procedures:

- Inquiries of employees concerning the sustainability strategy, sustainability principles and sustainability management including the stakeholder dialog of Siemens AG,
- Inquiries of employees from the central Sustainability department and other relevant departments responsible for the preparation of the report in order to assess the sustainability reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement,

- Identification of likely risks of material misstatement in the report,
- Inspection of the relevant documentation of the systems and processes for compiling, aggregating and validating sustainability data in the reporting period and testing such documentation on a sample basis,
- Analytical measures at Group level and at the level of the Industrial Businesses regarding the quality of the reported data,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of the sustainability data at Group level, at the level of the Industrial Businesses and at selected sites,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of the key performance indicators of the Environmental Portfolio including the procedures for determining the qualification of products, solutions and services for the Environmental Portfolio,
- Inquiries of employees from the central Sustainability department and other relevant departments on material qualitative statements in the report as well as the inspection of selected underlying documents,
- Evaluation of the presentation of disclosures in the report.

## Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the report "Sustainability Information 2020" of Siemens AG for the period from October 1, 2019 to September 30, 2020 has not been prepared, in all material respects, in accordance with the reporting criteria.

### Intended use of the assurance report

We issue this report on the basis of the engagement agreed with Siemens AG. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

### Engagement terms and liability

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” dated 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement ([www.de.ey.com/general-engagement-terms](http://www.de.ey.com/general-engagement-terms)). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

Munich, November 27, 2020

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Spannagl  
Wirtschaftsprüfer  
(German Public Auditor)

Johne  
Wirtschaftsprüferin  
(German Public Auditor)

## 7.8

## Notes and forward-looking statements

There is no standard system that applies across companies for qualifying products and solutions for environmental and climate protection, or for compiling and calculating the respective revenues and the quantity of reduced carbon dioxide emissions attributable to such products and solutions. Accordingly, revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions may not be comparable with similar information reported by other companies. Revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions are derived from various internal reporting systems that are generally different from those applicable to the financial information presented in our Consolidated Financial Statements and are, in particular, subject to less sophisticated internal documentation as well as preparation and review requirements, including the IT systems in use and the general internal control environment. We may change our policies for recognizing revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions in the future without previous notice.

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate," "intend," "plan," "believe," "seek," "estimate," "will," "project," or words of similar meaning. We may also make forward-looking

statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements.

Such statements are based on the current expectations and certain assumptions of Siemens' management, of which many are beyond Siemens' control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance, or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes – in the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens' net assets and financial position, or results of operations as presented in accordance with the applicable financial reporting framework in its

Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version

## 7.9

# Further information and information resources

### Additional information

The Siemens Annual Report 2020  
is available online at:

📄 [WWW.SIEMENS.COM/ANNUAL-REPORT](http://WWW.SIEMENS.COM/ANNUAL-REPORT)

### Further sustainability information

Further information on our commitment to  
sustainability and additional sustainability-related  
indicators are available at:

📄 [WWW.SIEMENS.COM/SUSTAINABILITY](http://WWW.SIEMENS.COM/SUSTAINABILITY)

Further information on research, development, and  
innovation at Siemens is available at:

📄 [WWW.SIEMENS.COM/INNOVATION](http://WWW.SIEMENS.COM/INNOVATION)

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