

# Sustainability in the Supply Chain

Siemens Group Code of Conduct  
for Suppliers and Third Party Intermediaries



# Foreword

## Sustainability requires close cooperation with our suppliers and third party intermediaries

Ladies and Gentlemen,

As a company that is active in around 190 countries worldwide, we bear a great responsibility – for our employees, for our shareholders and for the societies in which we operate. Sustainable practices are firmly anchored in our corporate culture, based on our company values of being responsible, excellent and innovative.

This applies as well to our Supply Chain Management. Sustainability has long been a fundamental aspect of our corporate policy, and we have elevated it to an essential element of our business strategy. This means that our strategy and our company structure are based on the business potential derived from the global megatrends of climate change, urbanization, demographic change, globalization, and digitalization.

A competitive, globally balanced and localized network for suppliers and third party intermediaries is a precondition for further growth and success of Siemens on a global scale. Therefore, both play a key role in a value chain focused on sustainability. Only in close cooperation with all stakeholders we can seize the opportunities and minimize risks associated with the challenge of sustainable development.

Siemens conducts business responsibly and in compliance with the legal requirements and governmental regulations of the countries in which we operate. Therefore, Siemens expects its employees and managers, suppliers and third party intermediaries to comply with all applicable laws and regulations based on – amongst others – the International Bill of Human Rights, Core Labor Norms of the International Labor Organisation, the UN Convention against Corruption and OECD Convention against Bribery of Foreign Public Officials.

Siemens wants to be perceived as an integral part of the national society and economy in all countries. Due to the huge diversity of conditions in which we purchase goods and services, this maxim of Siemens' business policy was considered in the principles of our Code of Conduct. It is based on – among others – the ten principles of the United Nations Global Compact but also reflects the Siemens "Business Conduct Guidelines", which establishes fundamental principles of sustainability and apply to the entire company.

We require commitment to our Code of Conduct from all our suppliers and third party intermediaries and have made responsible business practices a core element of our Supplier Management processes. Therefore, it is our declared objective to closely cooperate for making sustainability a fundamental part of our business relationships. This includes a clear commitment to clean business.

On the following pages you will find information about our approach to Sustainability in the Supply Chain, a set of commonly accepted rules and regulations, as well as practical help in implementing sustainable business practices. We are asking you to join us on our path to sustainability for the benefit of the generations to come. This brochure is addressed to suppliers and third party intermediaries. For simplification purposes the term "partner" is used for both. If the brochure means to address "suppliers" or "third party intermediaries" exclusively, the respective term will be used.



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# Siemens Group Code of Conduct

This Code of Conduct defines the basic requirements for our business relationship towards our stakeholders and the environment. Within Siemens, we oblige our employees and managers to these values by our Business Conduct Guidelines and live up to the standards of our Code of Conduct ourselves. At the same time, we require commitment to our Code of Conduct from all our suppliers and third party intermediaries. The partner declares herewith to:



## Legal Compliance

Comply with the laws and regulations of the applicable legal systems.

## Human Rights and Labor Practices

To ensure respect of all internationally proclaimed human rights by avoiding causation of and complicity in any human rights violations, heightened attention shall be paid to ensuring respect of human rights of specifically vulnerable rights holders or groups of rights holders such as women, children or migrant workers, or of (indigenous) communities.

### Prohibition of Forced Labor

- Neither use nor contribute to slavery, servitude, forced or compulsory labor and human trafficking.

### Prohibition of Child Labor

- Employ no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, employ no workers under the age of 14.
- Employ no workers under the age of 18 for hazardous work according to ILO Convention 182.

### Non-Discrimination and Respect for Employees

- Promote equal opportunities and treatment of employees, irrespective of skin color, race, nationality, ethnicity, political affiliation, social background, disabilities, gender, sexual identity and orientation, marital status, religious conviction, or age.

- Refuse to tolerate any unacceptable treatment of individuals such as mental cruelty, sexual harassment or discrimination including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative.

### Working Hours, Wages & Benefits for Employees

- Recognize the legal rights of workers to form or join existing trade unions and to engage in collective bargaining; neither disadvantage nor prefer members of employee organizations or trade unions.
- Adhere to all applicable working-hours regulations globally.
- Pay fair wages for labor and adhere to all applicable wage and compensation laws globally.

- In the event of cross-border personnel deployment adhere to all applicable legal requirements, especially with regard to minimum wages.

### Health & Safety of Employees

- Act in accordance with the applicable statutory and international standards regarding occupational health and safety and provide safe working conditions.
- Provide training to ensure employees are educated in health & safety issues.
- Establish a reasonable occupational health & safety management system.

### Grievance Mechanism

- Provide access to a protected mechanism for their employees to report possible violations of the principles of this Code of Conduct.



## Environmental Protection

- Act in accordance with the applicable statutory and international standards regarding the environment. Minimize the environmental pollution and make continuous improvements in environmental protection.
- Establish a reasonable environmental management system.

## Fair Operating Practices

### Anti-Corruption and Bribery

- Tolerate no form of and do not engage directly or indirectly in any form of corruption or bribery and do not grant, offer or promise anything of value to a government official or to a counterparty in the private sector to influence official action or obtain an improper advantage. This includes to renounce from giving or accepting improper facilitation payments.

### Fair Competition, Antitrust Laws and Intellectual Property Rights

- Act in accordance with national and international competition laws and do not participate in price fixing, market or customer allocation, market sharing or bid rigging with competitors.
- Respect the intellectual property rights of others.

### Awareness of Conflicts of Interest

- Avoid and/or disclose internally and to Siemens all conflicts of interest that may influence business relationships, and to avoid already the appearance thereof.

### Anti-Money Laundering, Terrorism Financing

- Not directly or indirectly facilitate money laundering or terrorism financing.

### Respect Data Privacy

- Process personal data confidentially and responsibly, respect everyone's privacy and ensure that personal data is effectively protected and used only for legitimate purposes.

### Observe Export Control and Customs Regulations

- Comply with the applicable export control and customs regulations.

## Responsible Minerals Sourcing

- Take reasonable efforts to avoid in its products the use of raw materials which originate from Conflict-Affected and High-Risk Areas and contribute to human rights abuses, corruption, the financing of armed groups or similar negative effects.

## Supply Chain

- Use reasonable efforts to make its suppliers comply with the principles of this Code of Conduct.
- Comply with the principles of non-discrimination with regard to supplier selection and treatment.



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# Sustainability in the Supply Chain

Seize opportunities, minimize risks, live our values. For us, sustainability means acting responsibly on behalf of future generations in order to achieve economic, environmental and social progress. The global Megatrends – demographic change, urbanization, climate change, globalization and digitalization – are affecting and defining lives and economies throughout the world. These gamechanging forces are shaping our business by creating new markets and opening up valuable new opportunities. Yet they also harbor significant risks that need careful management. Only a value-based, sustainability-driven company committed to living its principles can minimize these risks and master these challenges to optimally leverage emerging opportunities for its stakeholders.

Sustainability is not new for Siemens. Acting as a responsible and accountable company has always been part of our philosophy. This is why we take a stand today on our commitments. Here are some examples:

- We actively contribute to forward looking development at our locations.
- All of our products have to be engineered and manufactured in such a way that they pose no threat to property, life, or limb.
- Our responsibility extends not only to Siemens, but to our value chain and to society.
- With our environmental portfolio and environmental work, we make effective contributions to climate protection.
- We act with integrity in business, and our behavior complies with our moral principles and values.

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



Purchased products and services account for almost half the value of our total revenue. As our suppliers play a critical role in our sustainability-oriented value chain, Siemens expects them also to demonstrate their commitment towards these standards and principles which are summarized in the Code of Conduct.





This Code of Conduct is based to a great extent on the ten principles of the UN Global Compact relating to human rights, labor standards, environmental protection and anti-corruption initiatives. These principles are derived from the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO) and the principles of the Rio Declaration on Environment and Development.

# Trustworthy Third Party Relationships

Siemens' global activities entail collaboration with many different partners all over the world. Mutual trust is essential to these relationships. However, as summarized in the OECD-Report on the "Liability of Legal Persons for Foreign Bribery", Siemens may be held accountable for the actions of its third party intermediaries from a legal and also a reputational point of view. Therefore, Siemens has implemented a special "Compliance Due Diligence Process" for third party intermediaries.

## Legal Requirements

The US Foreign Corrupt Practices Act (FCPA) specifically refers to payments made to "any person, while knowing that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly" to a foreign official. To avoid the related "head-in-the-sand" problem, the FCPA already holds companies liable for a "conscious disregard," "willful blindness" or "deliberate ignorance" of a bribery scheme committed by third party agents.

Also, the UK Bribery Act holds a company responsible for offences of a so called "associated person", which is defined as someone who performs services for or on behalf of a company.

This can be an agent but also anyone else connected to a company who might be capable of committing bribery on its behalf. This broad scope means that also cooperation partners, contractors and resellers could be "associated" persons.

## Transparency through Due Diligence

To ensure mutual trust, Siemens performs a compliance due diligence prior to the cooperation with such a third party intermediary.

Our process is structured and straightforward and ensures that the relevant business relationship is responsibly evaluated and monitored throughout its existence. Based on a risk assessment of the proposed business relationship, the initial due diligence questionnaires include internal information obtained from the third party intermediary as well as publicly available external information from independent sources. The required information varies depending on the type and content of the planned business relationship.

## Contractual Safeguards

The contract between Siemens and the third party intermediary will include specific compliance clauses. Your adherence to these contractual obligations will be monitored – which may include preventive or incident driven audits.<sup>1</sup>

In case these requirements are not fulfilled, this can have consequences up to a termination of the contractual relationship.

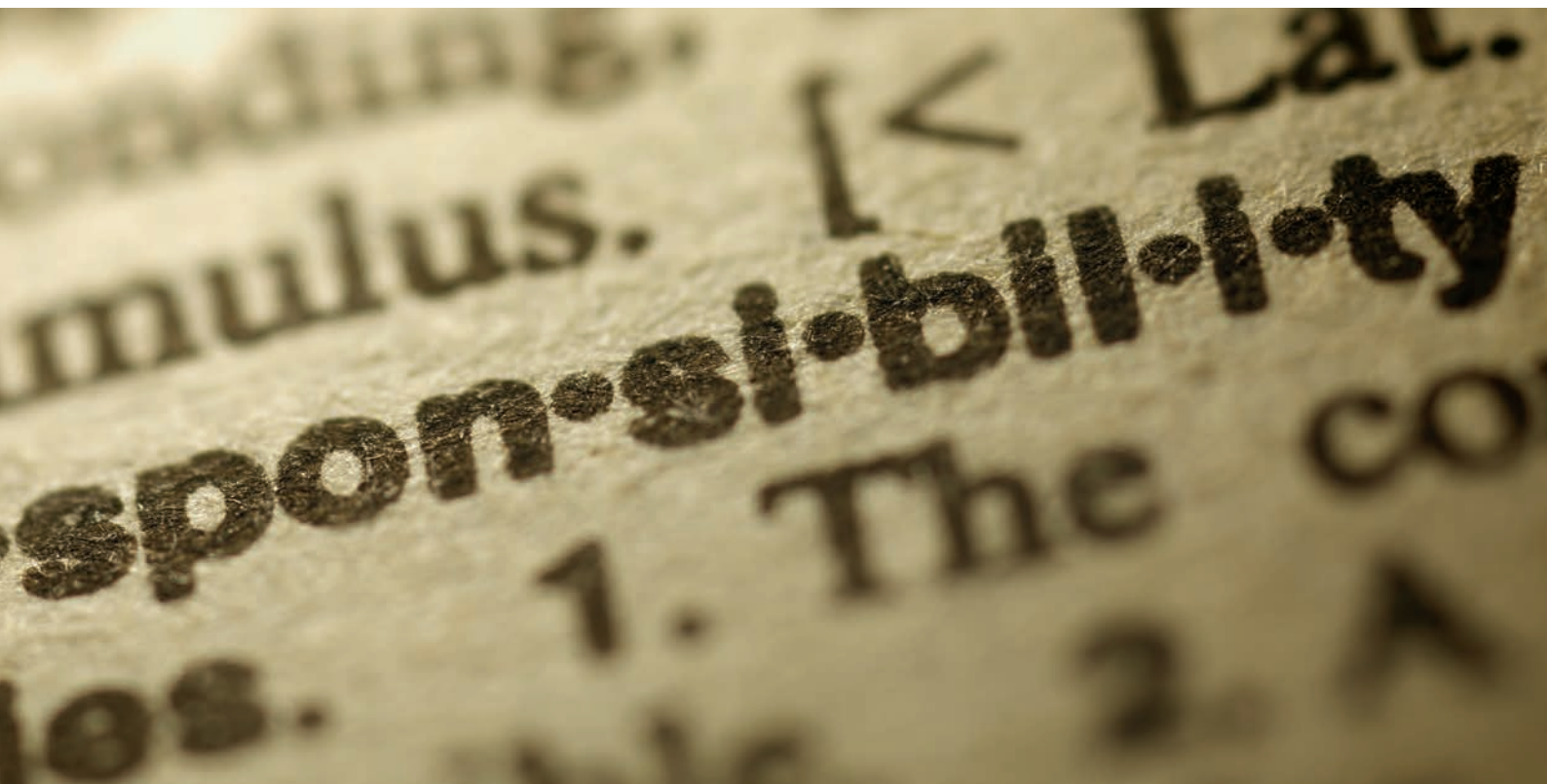
<sup>1</sup> see p. 48-53, Information for Third Party Intermediaries





## Legal Compliance

Siemens conducts business responsibly and in compliance with the legal requirements and governmental regulations of the countries in which we operate. Therefore, the company will under no circumstances tolerate illegal or non-compliant behavior. We have set ourselves globally-binding Business Conduct Guidelines that require all employees and managers to behave in an ethical, law-abiding manner. Equally, Siemens expects its partners to comply with all applicable laws and regulations.

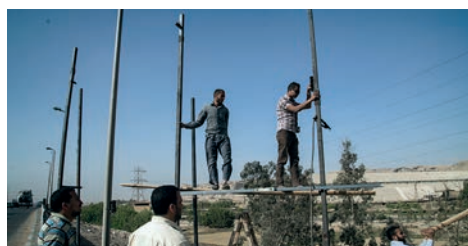


# Human Rights and Labor Practices

The Code of Conduct requires all Siemens partners to ensure respect of all internationally proclaimed human rights by avoiding causation of and complicity in any human rights violations.

The core internationally recognized human rights are contained in 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, coupled with the principles concerning fundamental rights in the eight ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work). Depending on circumstances, business enterprises may need to consider additional standards. Partners should pay heightened attention to ensuring respect of human rights of specifically vulnerable rights holders or groups of rights holders such as women, children or migrant workers, or of (indigenous) communities. Required focus of increased attention will depend on the specific situation and circumstances the partners operate within.

Specifically, Siemens expects its partners to respect the fundamental employment rights set out in international conventions of the United Nations (UN) and the International Labor Organization (ILO).





## Prohibition of Forced Labor

We demand the elimination of all forms of forced labor to which our partners must contribute to by implementing appropriate measures and control mechanisms – not only within their own organization but also in their supply chain, e.g. when using Labor Brokers, Temporary Employment Agencies, etc. Under no circumstances can we except that e.g. employees' IDs are confiscated, salaries not paid periodically or in too long periods, physical or psychological pressure put on employees or their families.

We expect you as our partner to:

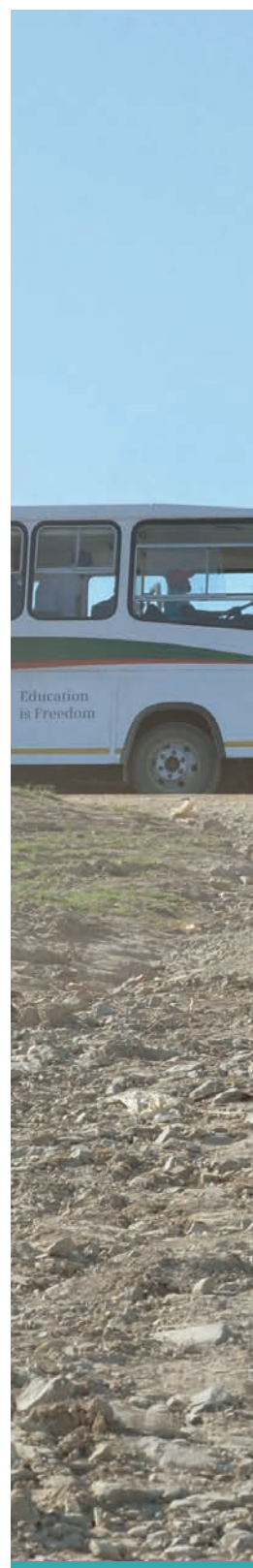
- Neither use nor contribute to slavery, servitude, forced or compulsory labor and human trafficking.
- Implement respective control mechanisms in their own supply chain.

# Prohibition of Child Labor

Siemens expects its partners to only employ workers with a minimum age of 15. This minimum employment age is laid down in several conventions of the International Labor Organization (ILO). These conventions regulate internationally valid lower limits. If a higher minimum employment age is valid in the country in which a partner maintains its business premises, then the partner must adhere to it. In exceptional cases only, we will accept a minimum age of 14 provided that a statutory minimum age of 14 applies under ILO Convention 138 in the country where the affected partner maintains its business establishment. For hazardous work according to ILO Convention 182, an age limit of 18 years is essential.

## We expect you as our partner to:

- Employ no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, employ no workers under the age of 14.
- Employ no workers under the age of 18 for hazardous work according to ILO Convention 182.
- When appointing new employees, you verify their dates of birth and document them in the personnel files. Taking account of stricter country-specific legislation, you do not employ any workers under the age of 15 or – for hazardous work – the age of 18.





# Non-Discrimination and Respect for Employees



Our partners shall promote equal opportunities and treatment of employees during the recruiting process and their employment period, irrespective of skin color, race, nationality, ethnicity, political affiliation, social background, disabilities, gender, sexual identity and orientation, marital status, religious conviction, or age.

They refuse to tolerate any unacceptable treatment of individuals such as mental cruelty, sexual harassment or discrimination including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative.

**We expect you as our partner the following:**

- You have internal regulations governing respect for applicable employment rights.
- When hiring employees, and in other personnel-related activities such as training and continuing professional development and advancement, you abide by the principles of equal opportunities and equal treatment, and implement internal regulations created for this purpose. For example, discrimination, including on the basis of race or skin color, is prohibited within your company.
- You have established internal rules for the fair treatment of others and monitor their observance. Your employees are free to lodge complaints with their superiors without fear of reprisal.



# Working Hours, Wages & Benefits for Employees

Everyone has the right for fair remuneration ensuring for himself and his family an existence worthy of human dignity. Our partners, therefore, must pay appropriate wages and ensure reasonable limitation of working hours and periodic holidays with pay. They recognize the legal rights of workers to form or join existing trade unions



and to engage in collective bargaining; neither disadvantage nor prefer members of employee organizations or trade unions. In the event of cross-border personnel deployment all applicable legal requirements, especially with regard to minimum wages, must be adhered to.

## We expect you as our partner to:

- Recognize the legal rights of workers to form or join existing trade unions and to engage in collective bargaining; neither disadvantage nor prefer members of employee organizations or trade unions.
- Adhere to all applicable working-hours regulations globally.
- Pay fair wages for labor and adhere to all applicable wage and compensation laws globally.
- In the event of cross-border personnel deployment, all applicable legal requirements, especially with regard to minimum wages must be adhered to.



# Health & Safety of Employees

**Siemens expects its partners to take responsibility for the health and safety of their employees.**

Your contribution, as a partner, to actively implementing the Code of Conduct regarding health and safety for employees is to fulfill minimum requirements, depending on the category (see also chapter “Health and safety management system – categorization according to the supplier’s size or type of activities”):

- There is a clear commitment by management to occupational health and safety.
- You take measures to prevent accidents on building sites, in plants and in projects.
- You eliminate unsafe and dangerous conditions immediately.
- You control hazards and take the best possible precautionary measures against accidents and occupational diseases, which means: assessing hazards and effects of activities, products and services and implementing appropriate measures to eliminate or minimize the risks and their effects as far as possible.
- You regularly develop minimum requirements further internally and keep your suppliers informed about them.
- You have a person who is responsible for occupational health and safety matters and who trains and educates your employees.
- You support your suppliers actively in implementing these standards also. If a supplier repeatedly or seriously breaches these standards, you exclude this supplier from further business transactions.
- You have an occupational health and safety management system in place in accordance with ISO 45001 or equivalent. Implementing an occupational health and safety management system includes: risk assessment, risk minimization, systematic and complete description of process workflows, identification of requirements and efficient implementation, regular monitoring and assessment. In addition, our partners must adhere actively to the principles of occupational health and safety, both when selecting suppliers and in the conduct of their business relationships.
- We act with integrity in business, and our behavior complies with our moral principles and values.



**We defined stricter “Occupational Health and Safety Standards” for our contractors and made them mandatory in our procurement contracts. Important parts of this standard are the strict supplier selection and intensive trainings in each case before the contractor starts working on a Siemens site/project.**



## Health and safety management system – categorization according to the supplier's size or type of activities

The supplier's relevance and responsibility in terms of occupational health and safety depends essentially on the type of activities that its employees perform. A distinction is therefore made between suppliers that perform solely administrative/management or advisory functions, e.g. sales- and marketing-related activities (category 1), and those that also manufacture products or in any other way process or rework products (category 2 or 3).

Category 1 suppliers are expected to provide evidence of compliance with following occupational health and safety requirements:

- Availability of safety specialists.
- Instruction and training for employees.
- Conduct of risk assessments and risk control measures.

In addition to requirements in Category 1, we expect Category 2 suppliers to provide:

- Written statement of commitment to occupational health and safety by the company's management.
- Written assessment of and plan for compliance with legal requirements.
- Written emergency plan.

Additionally, Category 3 suppliers have to show evidence of implementation of an occupational health and safety management system.

# Grievance Mechanism of Partner

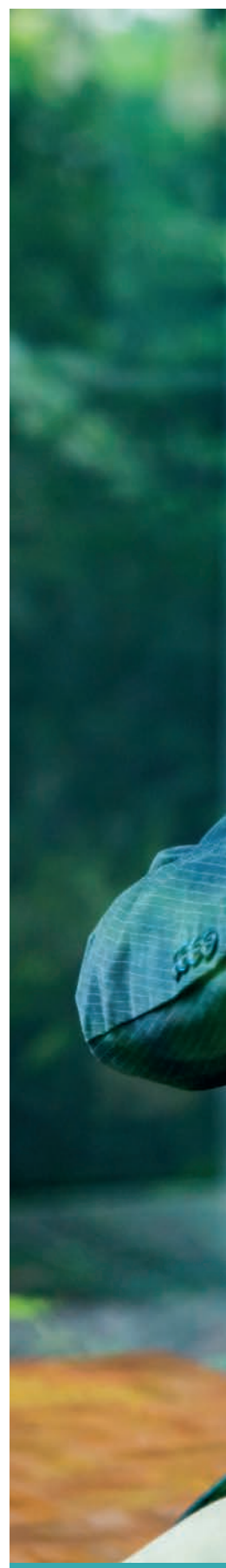
Employees as well as companies' stakeholders need the possibility of reporting misconduct – if necessary, anonymously.

We therefore ask our partners to implement a grievance mechanism which can, depending on the size of the company, vary from a complaint box to a sophisticated electronic tool and/or access to an external Ombudsperson.

A grievance mechanism must ensure anonymous reporting and must guarantee no negative consequences for all who report a possible misconduct or a reasonable suspicion.

Practical actions for implementing a Grievance Mechanism may involve:

- Nominating a company responsible who is setting up a complaint process.
- A roadmap for remediation and resolving complaints.
- Timelines for resolving grievances.
- Processes to respond to complaints if agreement is not reached or if its impacts are particularly severe.





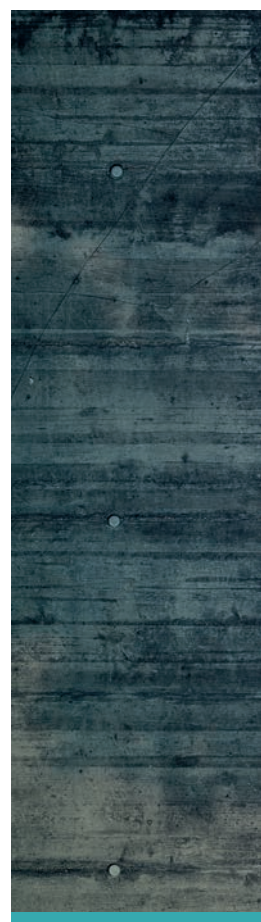
# Environmental Protection

**Siemens expects its partners to act in accordance with the applicable statutory and international standards regarding environmental protection in order to minimize adverse environmental impacts and make continual improvements in environmental protection.**

Siemens' environmental protection policy is based on global standards for environmental management. Where our products are concerned, we take a holistic approach to environmental protection, ensuring that all products are environmentally compatible during the whole product life cycle, from development through manufacturing and use, to reuse, recycling or disposal. We also expect you, our partners, to make every effort to protect the environment, and to keep the impact your activities have on it as low as possible. Among other things, we expect your environmental management policy to include the efficient use of energy and other resources.

We need your contribution, as a partner, to actively support us in implementing the Code of Conduct regarding environmental protection (See also chapter "Environmental management system – categorization according to the supplier's environmental relevance"):

- You have a process, or an organization of your own, that ensures compliance with statutory regulations and customer requirements governing operational and product related environmental protection.
- All the approvals and/or licenses required for the operation of your sites are documented, implemented and regularly checked.
- You have a suitable management system (e.g. an ISO 14001-compliant or equivalent system) of environmental protection.
- You have rules, guidelines, internal standards or similar governing product related environmental protection, for example with regard to product design, restrictions on materials, labeling, information obligations, reuse, recycling, environmentally compatible product use, maintenance and disposal and, where applicable, measures for protection against hazardous substances, and you train your employees accordingly.





## Environmental management system – categorization according to the supplier's environmental relevance

The supplier's relevance and responsibility in terms of environmental protection depends essentially on the type of activities (e.g. production, services, project work) and the resources being used. A distinction is therefore made between suppliers that perform solely administrative/ management or advisory functions, e.g. sales-, IT- and marketing related activities (category 1), and those that have a higher environmental impact (category 2 or 3): suppliers with low environmental relevance are assigned to category 1 irrespective of the industry in which they operate.

For category 2 suppliers, a formalized environmental management system is required which shall include ISO 14001-elements, for example:

- An environmental policy.
- Definition of roles & responsibilities for environmental protection.
- Ensuring that employees and managers with responsibilities concerning environmental protection or whose activities can have an environmental impact are qualified and act accordingly.

- Records of environmental training.
- Emergency preparedness and response.
- Regular monitoring of operations with significant environmental impacts.

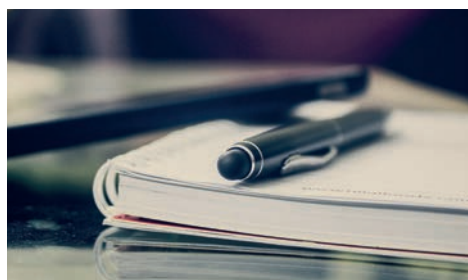
Category 3 suppliers have a high environmental relevance and, therefore, have to implement an environmental management system like suppliers of category 2. They additionally have to achieve an ISO 14001 certification or an EMAS validation.

# Fair Operating Practices

Siemens conducts business responsibly and in compliance with the legal requirements and governmental regulations of the countries in which we operate and expects its partners to comply with all applicable laws and regulations.

**In order to ensure compliance with laws we expect you to:**

- Set up, implement and maintain a company-wide appropriate compliance program or process which reflects the company's size and risks.
- Define binding rules for all employees, including rules governing the offering and acceptance of gifts.
- Provide your employees with regular training in respect of important compliance issues.
- Appropriately respond to compliance violations.
- Impose a contractual obligation on your suppliers to comply with the law, in particular the provisions governing corruption, and monitor adherence to it.
- Emphasize the responsibility of the executive management for compliance matters.





# Prohibition of Corruption and Bribery

**Siemens does not tolerate any form of corruption in its business dealings anywhere in the world. This includes Siemens business dealing through our external partners.**

## Bribery

The most common form of corruption is bribery. Bribery is a criminal offense worldwide.

Siemens strictly prohibits its partners from any form of bribery, i.e. from directly or indirectly offering, promising, granting or authorizing the giving of money or anything else of value to a government official or to a counterparty in the private sector to influence official action or obtain an improper advantage for Siemens.

Any offer, promise, grant or gift made by a partner in connection with Siemens business must comply with applicable laws and must not create an appearance of bad faith or impropriety.

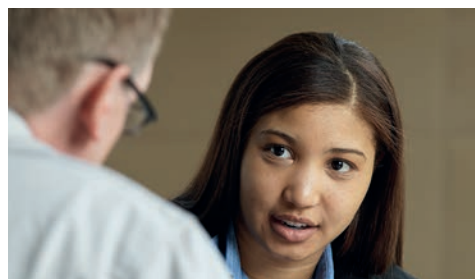
Specifically, outgoing payments must be used lawfully. We therefore expect from our partners that they:

- Use accounts or funds only for legitimate purposes.
- Make payments only if they are lawful and have legitimate purposes.
- Make payments only with proper documentation.

## Facilitation Payments

Bribery also covers facilitation payments.

A facilitation payment is a relatively small amount of money, or the granting of any other benefit, usually to low-ranking public officials, for their personal benefit or to expedite the performance of a routine governmental action. Facilitation payments are prohibited and can be prosecuted.





# Respect Fair Competition, Antitrust Laws and Intellectual Property Rights

**Siemens conducts business responsibly and in compliance with the legal requirements and governmental regulations of the countries in which we operate. Therefore, Siemens expects its partners to comply with all applicable laws and regulations, in particular in the field of fair competition and antitrust and to respect intellectual property rights of others.**

Antitrust law protects free, undistorted, and effective competition for the benefit of customers, companies, and society as a whole. Antitrust laws, amongst others, prohibit agreements and concerted practices between companies that restrict competition. Anticompetitive agreements include bid rigging, price agreements, market, customer, or territory allocations, and project agreements with competitors. Abusing a dominant position is also prohibited.

Siemens has a strict policy to act in compliance with antitrust laws and expects its contractual partners to do the same.

Inter alia, we expect you to handle confidential information from Siemens and third-parties, such as competitors, customers, and sales partners, with care.

Furthermore, Siemens expects its partners to respect intellectual property rights of others, e.g. copyrights, patents and, trademarks and trade secrets and to act within the limits of licenses granted (e.g. with respect to software).

## **We expect from you, our partner:**

- To act in accordance with national and international antitrust laws and e.g. not to participate in price fixing, market or customer allocation, market sharing or bid rigging with competitors.
- To respect trade secrets and the intellectual property rights of others.





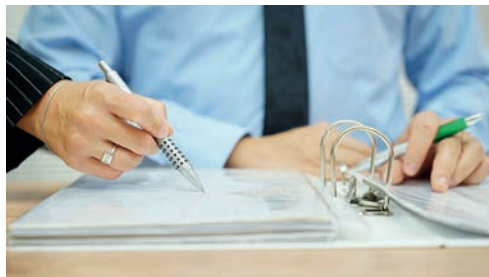
# Awareness of Conflicts of Interest

**Employees should always act in the best interest of their company. Therefore, a conflict of interest exists if the interests of an individual or of his/her close personal relations diverge from those of the company to which the individual belongs.**

Conflicts of interest can hinder the success of a company, lead to economic damages and also tarnish the company's reputation if they become public, for instance, if the conflict of interest leads to uneconomical decisions, if customers get lost because they lose confidence in the integrity of the company or if restricted information is disclosed as a result. In some cases, conflicts of interest might also bear corruption or antitrust risks. Accordingly, employees should have no relationship, financial or otherwise, with anyone that conflicts, or appears to conflict, with the employees' obligation to act in the best interest of their company. Therefore, it should be our common goal to avoid situations of conflicts of interests and to create awareness for such situations.

## **Siemens's partners undertake:**

- To make business decisions in the best interest of the company and not on the basis of personal interests.
- To anticipate and avoid situations in which the appearance of a conflict of interest may arise.
- To avoid engaging companies with which personal interest exist if it could personally benefit the partner.
- To inform Siemens of any personal interest that might exist in connection with the business relationship.
- To establish measures which prevent conflict of interests.
- To avoid that their employees use their position to offer gifts, invitations or other advantages to Siemens employees or other third parties. This does not apply to occasional gifts of purely symbolic value or meals or entertainment of appropriate value.





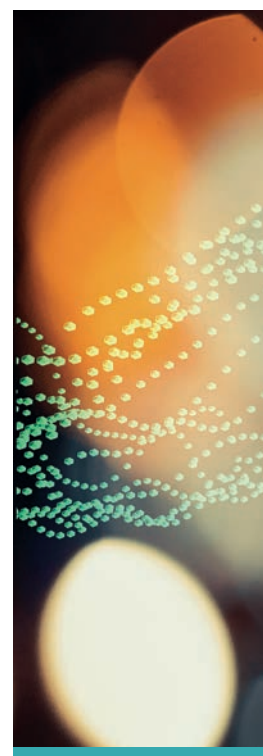
The following questions can help an employee to assess whether there is a conflict or an appearance of a conflict:

- Is the decision we make for our company influenced by personal interests?
- What impression would the situation leave on third-parties, such as customers, business partners, and investors?
- How would the public react to the business decision?

# Prohibition of Money Laundering and Terrorism Financing

Money Laundering is the disguising of the origin of money or other assets from criminal activities and moving them into the legitimate economy. In addition to monetary support, terrorism financing may include other assets such as goods or merchandise.

Siemens strives to maintain business relationships only with reputable customers, partners, and companies whose business activities comply with legal requirements and whose financial resources are of legitimate origin.



**How do you, as a partner, actively support us?**

- You support us in identifying relevant shareholder(s), ultimate beneficial owner(s) and legal representative(s), when necessary.
- You take appropriate, risk-based measures to verify the identity and economy background of your customers, business partners, and other third parties, and the origin of payments to ensure they come from legitimate sources.
- You follow-up on suspicious business relationships, activities, and transactions immediately and report those to law enforcement authorities, when necessary.

**Siemens' partners undertake:**

- Not to facilitate money laundering or terrorism financing, directly or indirectly.



# Respect Data Privacy

Personal data is information about specific or identifiable natural persons, such as name and address, photos, personnel number, bank data, digital identifiers, or health data.

The protection of personal data plays an important role in our digitized world. The loss or improper use of personal data can have serious consequences for the individuals concerned. It is therefore very important for Siemens to ensure that this data is effectively protected and used only for legitimate purposes.

All of us who handle the personal data of employees, customers, or third-parties bear a high level of responsibility.

## **We expect from our partners:**

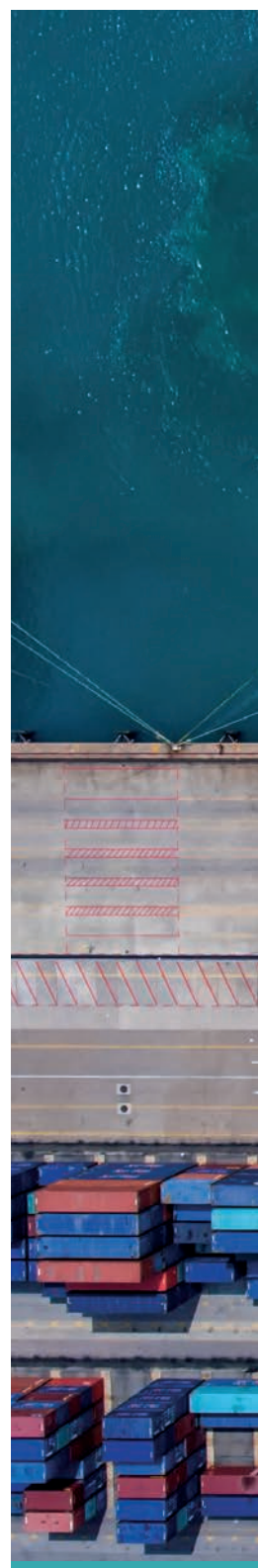
- Collect and process personal data confidentially, only for legitimate, predetermined purposes, and in a transparent manner.
- Only process personal data if it is protected against loss, modification, and unauthorized use or disclosure by appropriate technical and organizational measures.
- Immediately inform our company's local Data Protection Organization of possible data protection violations in connection with Siemens business.

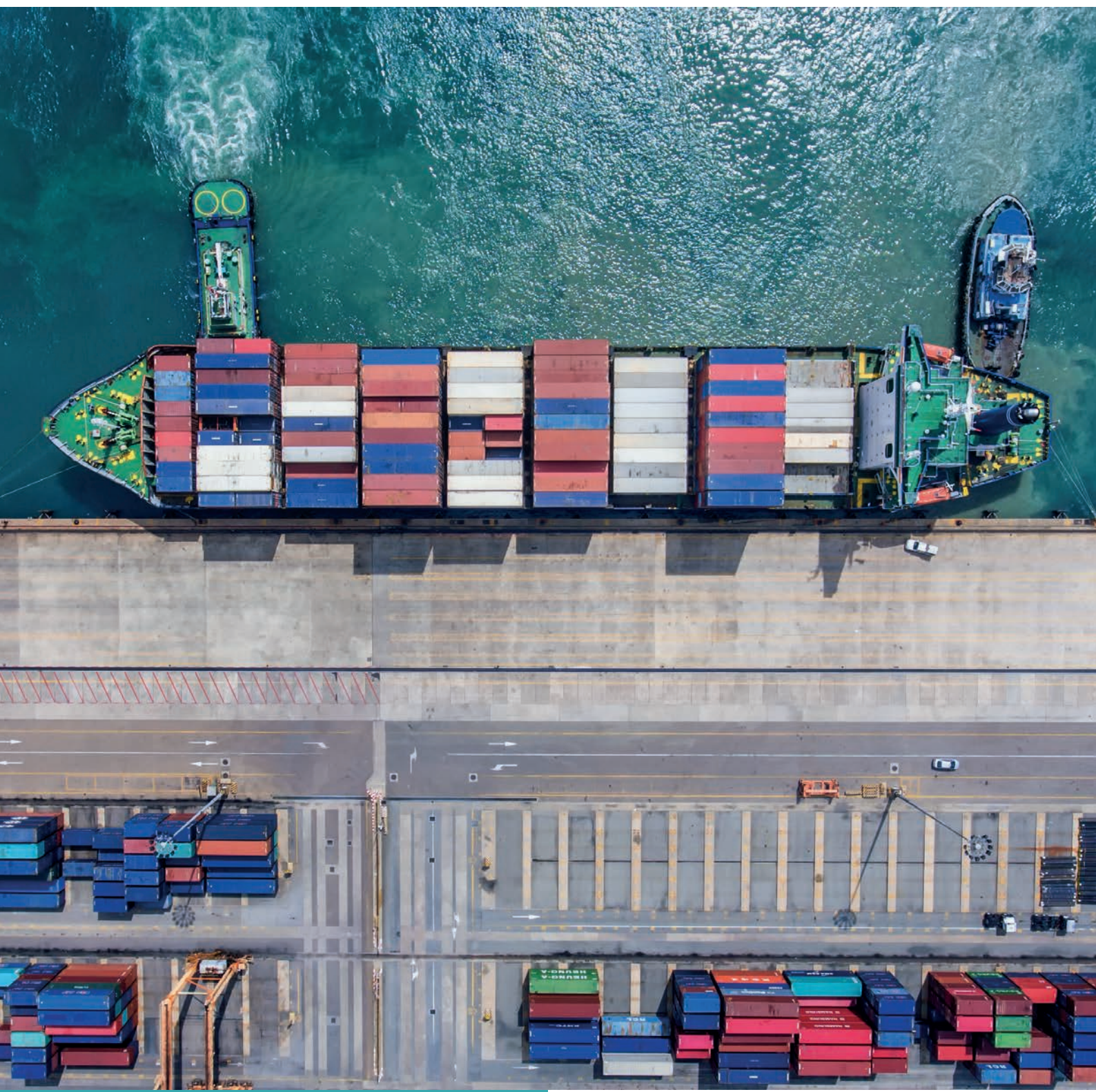
# Observe Export Control and Customs Regulations

As a globally operating company, Siemens must comply with a wide variety of national and international customs, export control, embargoes regulations that govern and restrict the free movement of goods. Legal and related internal measures thereof are anchored in our Internal Control Program Export Control (ICP EX) as well as our Internal Control Program Customs (ICP CU). Compliance with these regulations is essential to protect Siemens and our global operations. In the same way Siemens expects from its partners that the applicable foreign trade regulations are carefully complied with when goods are traded or transported, services are provided, or other technical know-how or software is transferred, including regulations on EU and US sanctions lists are checked.

## We expect from our partners:

- To provide us the applicable product-related export control classification numbers, harmonized system numbers, country of origin and, if asked, for free trade preferential origin.
- To avoid purchasing products from sanctioned persons, companies or organizations, and in order to be able to continue to jointly employ efficient and secure import and export processes, your support concerning customs related supply chain security programs and its requirements.





# Responsible Minerals Sourcing

Until the present day, trade with minerals in Conflict-Affected and High-Risk Areas (CAHRAs) is affected by violent conflicts and violation of human rights, especially in the Democratic Republic of the Congo and its adjoining countries (the DRC region). The local population is facing systematic exploitation in the fight between armed groups for control of the mines and trading routes. Siemens is committed to ensuring that minerals contained in its products are sourced with due respect for human rights, that sourcing those minerals does not contribute to any risk defined in Annex 2 of the OECD Due Diligence Guidance, and that Siemens' supply chain practices support the development in the CAHRAs.

Responsible Minerals Sourcing is the Siemens commitment to working toward avoiding the use of minerals from Conflict-Affected and High-Risk Areas which are affected by the risks defined in Annex 2 of the OECD Due Diligence Guidance within our supply chain. The relevant minerals include but are not limited to tantalum, tin, tungsten, the ores from which they originate, and gold. CAHRAs include but are not limited to the Democratic Republic of the Congo, Angola, Burundi, the Central African Republic, Rwanda, South Sudan, Tanzania, Uganda, and Zambia.

The mining of minerals represents one of the main sources of income for the local civilians in CAHRAs and is thus indispensable to them. As such, imposing an embargo and stigmatizing the whole of the CAHRAs would most likely be an inappropriate response to this issue. However, transparency and the disclosure of information about minerals will allow purchasing decisions to be made consciously, thus supporting responsible sourcing.

Siemens takes systematic steps to determine the use, source and origin of the relevant minerals in its supply chain and works closely with its direct suppliers in carrying out these steps. This information will also help Siemens' customers to fulfill the U.S. Securities and Exchange Commission (SEC) reporting requirements and content of the planned business relationship.





To ensure transparency within the supply chain, Siemens expects suppliers to provide supply chain data so that Siemens can identify smelters in its common supply chain.

Siemens suggests that its suppliers use the standard Conflict Minerals Reporting Template of the “Responsible Minerals Initiative” (RMI, former Conflict-Free Sourcing Initiative).

This template is developed by the cross industry initiatives “Responsible Business Alliance” (RBA, former Electronic Industry Citizenship Coalition) and “Global e-Sustainability Initiative” (GeSI).

Siemens will compare smelters/refiners used by relevant suppliers against an independently verified list of smelters that use responsibly sourced minerals, identified through industry programs. Minerals originating from a smelter/refiner on this list can be deemed not to contribute to any conflict in CAHRAs. Siemens expects its suppliers to take every effort to avoid minerals that are not found to be sourced responsibly.

#### **Siemens’ partners undertake:**

- To take reasonable efforts to avoid in its products the use of raw materials which directly or indirectly finance armed groups who violate human rights.

You can also find the Siemens Responsible Minerals Sourcing Policy, which the company expects its suppliers to follow, at:

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

# Supply Chain of the Partner

**For our partners too, a large proportion of the value added is generated in the supply chain. It is therefore important to us that our partners take active steps to promote and implement compliance with our Code of Conduct or their own equivalent code of conduct in their supply chain.**

For this reason, we expect our partners not only to comply with the Code of Conduct in their own organization but also to ensure in turn that their suppliers adhere to the international standards summarized in the Code of Conduct. Our values as well as increasing legislation expect companies – in particular, multinational enterprises – to conform with international standards. The ‘OECD Guidelines for Multinational Enterprises’ and the respective ‘OECD Due Diligence Guidance for Responsible Business Conduct’ explain the international expectations and possibilities to implement necessary processes.

## We expect from our partners:

- You have established your own ethical, social and ecological minimum requirements in your supply chain, and your suppliers are legally bound to comply with them.
- You have at least one officer who is responsible for issues of sustainability in the supply chain.
- You take suitable measures (e.g. Sustainability Self Assessments, on-site visits and management talks) to ensure that your suppliers permanently meet the minimum requirements.
- You actively support your suppliers in implementing these standards. If a supplier commits repeated or serious breaches, for example with regard to child labor, you take active steps to exclude this supplier from further business transactions.
- You undertake continuous further development of your own minimum requirements for suppliers.





# Sustainability in Supplier Management

Siemens operates in areas of business that are of major importance for today's society. These areas are all closely aligned with the guiding objectives of business sustainability: greater security, more efficient use of resources, and long-term environmental and social compatibility.

This chapter only applies to suppliers which are involved in the Siemens supplier qualification process.

Siemens sources goods and services worth approximately half of its yearly revenue in more than 150 countries – a huge source of business for suppliers all over the world. Sourcing goods and services on this scale – in a variety of markets and for a large number of locations – poses major challenges to our Supply Chain Management and exerts a significant influence to the environment, societies and local economies in which we operate.

An integrated Supplier Management creates the conditions for the common optimization of this value chain. It ensures our global competitiveness and our adherence with our broad sustainability requirements.

Therefore, our sustainability requirements are embedded company-wide in unified, mandatory procurement processes, in particular those processes involved in Supplier Management. A key part of this is ensuring that our suppliers agree contractually to abide by the Code of Conduct. We evaluate and review the Code's sustainability principles as part of our overall Supplier Management Process in all its three levels:

- Supplier Qualification
- Supplier Evaluation
- Supplier Development

## Supplier Qualification:

Siemens suppliers are subject to the company-wide standardized Supplier Registration and Qualification Process. It is a core element within our supplier selection process to make sure that our cross-functional requirements are continuously met by the supplier. As a prerequisite towards ensuring sustainability in their own organization and their supply chain, our suppliers are expected to commit to the requirements of the Code of Conduct and – if applicable – to conduct the Corporate Responsibility Self-Assessment (see chapter "Detection Modules").

## Supplier Evaluation:

Further, more detailed efforts are made to ensure the sustainability requirements in our supply chain during the Supplier Evaluation Process. Therefore, our Supplier Evaluation focus beside typical performance indicators like quality, technology, procurement and logistics also on control of sustainability aspects. The Corporate Responsibility Self-Assessments, the Supplier Quality Audits, the External Sustainability Audits and the Incident Driven Inspections form a control system which is based on a risk-based approach (see chapter "Detection Modules")

## Supplier Development:

Supplier Development activities aim at a sustainable cooperation between Siemens and our suppliers as well as the continuous identification and realization of optimization opportunities. The established Supplier Development Process ensures sustainable implementation of relevant corrective actions which result from the described Detection Modules and supports continuous enhancements of suppliers' compliance with our requirements.



# Detection Modules

**Sustained compliance with the responsibilities and principles of the Code of Conduct is checked by Siemens using the following methods: Corporate Responsibility Self Assessments, Regular Supplier Quality Audits, External Sustainability Audits and Incident Driven Inspections.**

**This chapter only applies to our suppliers.**

**Third Party Intermediaries underlie the process described in chapter Supply Chain of the Partner.**

Inspections at the supplier's premises are only carried out following prior notification by Siemens, within normal operating hours and in accordance with the applicable laws. In addition, it will be ensured that the business activities of the supplier are not disrupted and that confidentiality agreements with third-parties are not breached. Protection of personal data is important to Siemens, therefore all personal information is handled in line with the applicable legal guidelines on the protection of personal information, data security and antitrust regulations.

This means that personnel information or price calculations, for example, are not included in an audit.

## **Corporate Responsibility Self Assessments**

The Corporate Responsibility Self-Assessment (CSRA) is an integral part of the Siemens Supplier Qualification Process. Siemens expects, on the basis of a questionnaire, that the supplier provides its own assessment of the requirements of the Code of Conduct.

Suppliers based on defined criterias (e.g. based in a higher-risk-country, Procurement Volume, etc.) need to perform a CRSA before the suppliers receives the "Ready-for-Business (R4B)" status. In case the supplier's answer is insufficient or deviates from the Siemens requirement, the supplier has to undertake measures to improve and meet the Siemens requirements. The CRSA must be renewed every three years based on the above described criterias.

## **Regular Supplier Quality Audits**

During regular process and system audits at the supplier's premises the sustained implementation of the requirements of the Code of Conduct is also checked.

For this purpose, the supplier quality audits have, since 2007, been supplemented by special sustainability questions on all topic areas of the Code of Conduct. In the case of deviations, for example, if potential risks or dangers for employees exist and no remedial measures are put in place, the supplier and Siemens collectively agree on the respective measures for improvement. The agreed measures are binding.





#### **External Sustainability Audits and Incident Driven Inspections**

Siemens has appointed internationally recognized auditing companies which conduct on-site audits based on the universally valid principles of the Code of Conduct. The outcome is an in-depth assessment and report that enables Siemens and its suppliers to identify and manage potential sustainability risks. External Sustainability Audits also play an important role in the scheme of supplier development by improving the supplier's sustainability performance.

Incident Driven Inspections are carried out when a strong suspicion of a nonconformance with the Code of Conduct exists – for example, on the basis of well-known media reports or results from regular quality audits. Incident Driven Inspections are carried out with prior notification. The scope of an Incident Driven Inspection focuses on a section of the Code of Conduct to ensure a detailed assessment of the suspected nonconformance. Incident Driven Inspections are carried out by a third party auditor authorized by Siemens.

# Consequences of Deviations

**In the case of deviations from the Code of Conduct, Siemens and the supplier will agree to implement sustainable measures for improvement within a suitable time frame.**

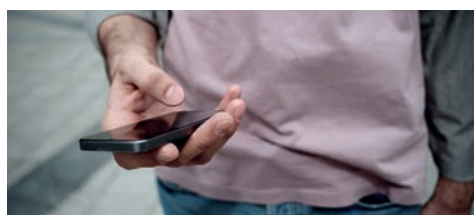
**Deviations from this Code of Conduct by Third Party Intermediaries who are not Suppliers are regulated by the respective contractual clauses.**

The time frame for rectification can, depending on the type and extent of the deviation, cover an agreed period of weeks or months during which time the required remedial measures are defined and put in place by the supplier immediately following discovery of the deviation. All measures put in place after inspections are incorporated into the company-wide standard Supplier Management method at Siemens and are systematically selected and pursued. Implementation of the measures has, therefore, an influence on the supplier's annual performance rating and on the assessment of the supplier's future potential, as well as on the approval of the supplier within the regular supplier qualification process.

**How do you, as a supplier, actively ensure us that the requirements of the Code of Conduct are implemented and sustained?**

**We expect our suppliers to:**

- Answer enquiries regarding compliance with the Code of Conduct within the requested time.
- Actively support the need for clarification and demonstrate active co-operation and willingness to improve, should a potential risk arise from the information in the Corporate Responsibility Self-Assessment, for example failure to check the age of young employees or non-implementation of corrective measures in the case of a well-known environmental incident.
- Permit the quality auditors access to the required documents and areas so that they can gain a full awareness of your compliance with the Code of Conduct.
- Make competent employees available for confidential interviews at Regular Supplier Quality Audits/ External Sustainability Audits/ Incident Driven Inspections.





**What are the consequences of a breach of the Code of Conduct?**

- Should minor breaches be discovered or reported, for example no documented record of the person in your company responsible for legal compliance, a suitable and binding period for improvement will usually be put in place. In the context of the companywide mandatory Supplier Management method, measures to correct the problem will be implemented and incorporated into the Supplier Development program.
- In the case of a significant breach, for example significant risks/dangers for employees are present which are not analyzed and eliminated, even when severe accidents take place, and if no measures are taken against the problem, or if measures are not sufficiently implemented within the agreed improvement period, the business relationship will be terminated.

# Training and Capacity Building

It is especially important to us that we build up our suppliers' long-term skills, so we can rise to the future challenge of sustainable development together.

It is not sufficient to solely implement the principles of sustainability within Siemens, but we need to make sure that our supply chains follow the same rules.

Therefore, the principles of sustainability must be known, accepted, obeyed and confirmed by all our suppliers.

**For third party intermediaries, Siemens provides specific trainings.**

We started to implement specific Supplier Sustainability Workshops in various countries following our excellent experience in recent years when we integrated sustainability presentations and break-out sessions into the general Supplier Days. All environmental and labor requirements stated in our Code of Conduct are addressed during the workshop in presentations given by e.g. the local Chief Procurement Officer, Compliance experts and EHS (Environment, Health & Safety) experts. Break-out sessions are then held to address mostly country/region-specific topics in more detail.

Additionally, our buyers regularly speak with our suppliers about the implementation status of the supplier's efforts in this regard.

However, such a sublime requirement cannot be explained in personal talks alone. We, therefore, decided to also offer a training method that distributes the information about and the spirit of sustainability to the many participants of our supply chains in an uniform manner. The Web Based Training (WBT), as a guideline for suppliers, illustrates our sustainability requirements. In addition, we offer an internet-based information which is available free of charge to all suppliers.



**Together with other international manufacturing companies, we have been supporting an industry-wide initiative of efficient substance-declaration via a web database called BOMcheck and also developed a web-information for our suppliers.**





**You can find further information on our web-based trainings and information under:**

SCM Sustainability Website:

<https://www.siemens.com/sustainablesupplychain>

SCM Web-based Training:

<https://www.siemens.com/code-of-conduct/training>

Compliance Website:

<https://new.siemens.com/global/en/company/sustainability/compliance.html>

You can find further information on our trainings for third party intermediaries under:

<https://bpcdd.compliance.siemens.com/bpext/nui/train> (International)

# Siemens' Books and Records Requirements

Third Party Intermediaries are required to maintain books, records, and accounts in ...

- An accounting system, appropriate to the nature and size of the business, should be used i.e. and IT based system or manual book keeping.
- The books, records, and accounts should include a balance sheet, profit and loss statement, trial balance, general ledger and sub-ledgers as appropriate.
- The business partner owners should segregate private and business-related incomes and expenses (i.e. private income and expenses should not be recorded in the books, records and accounts).

## Reasonable Detail

The books and records should record:

- The exact amount of all income and expense transactions (e.g. no round-up or offsetting in accounting entries).
- Recipient of all payments.
- Details of the source of all income.

## Accurately

- No accounting entries, records or supporting evidence should be falsified.
- The books, records, and accounts should agree to the related tax returns (Sales tax/ Value added tax and Income tax).

## Completely

The books, records and accounts should separately record:

- All financial income and expenses.
- All bank accounts (local and foreign/offshore), petty cash balances and cash boxes.

All bank account balances should be reconciled to the related bank statements.





## Third Party Intermediaries are committed to maintain recipient and nature of every payment or expenditure ...

### Supporting evidences

- Retain detailed support for payments, expenditures, expense reimbursements, loans to shareholders / affiliated companies / individuals, commissions, fees, i.e. detailed description of services provided, date, value, customer.
- Invoices with one line item descriptions of services provided may not be adequate to properly explain the nature of services and the business rationale.

### No / limited cash

- For full transparency, Third Party Intermediaries should avoid cash transactions wherever possible.
- Third Party Intermediaries should not give cash or cash equivalents as gifts.

### Lawful Marketing

Maintain detailed support for:

- Gifts, sponsorships and entertainment transactions (detailed description of expenditure, date, value, recipient and business rationale).
- Payments to consultants e.g. for market research (contract, detailed description of expenditure, date, value, recipient and business rationale).

Comply with all local and international legal requirements e.g. sunshine act regarding giving gifts to government officials.

# Purpose and Approach of On-site Audits

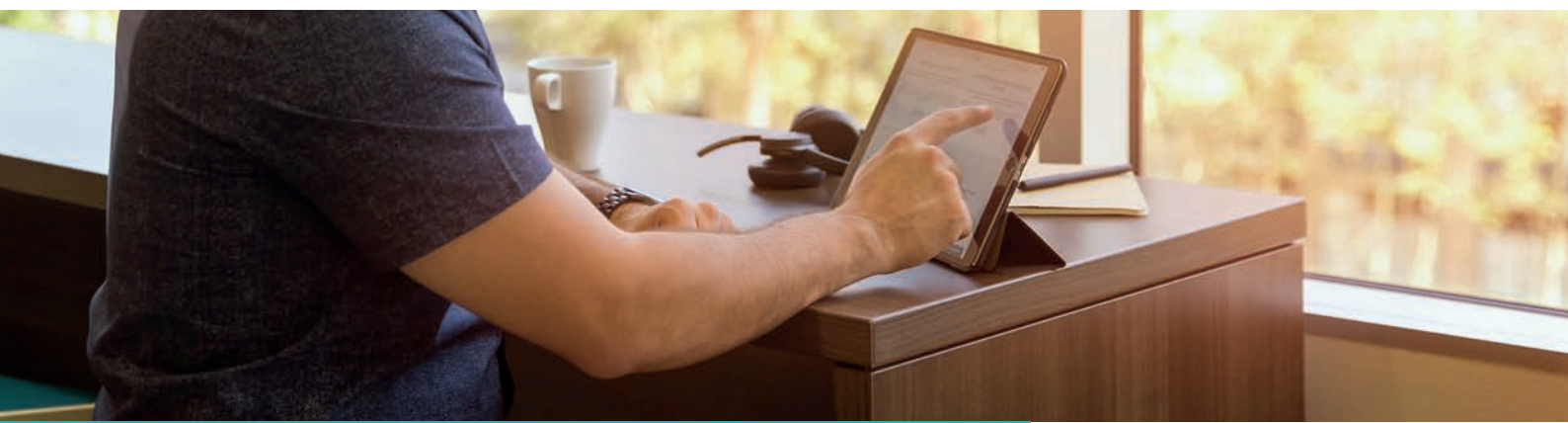
For the purposes of a preventive or incident driven audit, which may be included in the specific compliance clauses of an agreement with a third party intermediary, Siemens requires an appropriate level of documentation which substantiates, in a transparent and clear manner, the activities of the third party. The documentation needs to support the appropriate use of the economic means received from Siemens and their compliance with the contract and with the applicable laws and regulations, especially with the anti-corruption related regulatory environment.

## What is Siemens's approach?

- In order to ensure transparency and compliance with other applicable laws and regulations, an audit will review company and ownership structure.
- In order to ensure transparency and compliance with anti-corruption regulations, an audit will review detailed supporting documentation for selected transactions.
- In order to ensure transparency with the use of funds received from Siemens, and audit will review detailed expense and payment activities.
- In order to ensure that Third Party Intermediaries are complying with the books and records requirements, an audit will review detailed financial information.

## Requested document including but not limited to:

- Financial Statements e.g. Income Statement, Balance Sheet, Tax Returns
- Overview of Third Party Intermediaries' employee setup
- Sub ledger details for select company accounts (e.g. Travel expenses, Miscellaneous Expenses, etc.)
- Cash and cash equivalent activity (e.g. petty cash, wired transfer activity, check register, etc.)
- All bank accounts and their bank statements including bank reconciliations for all bank accounts
- Gifts & Hospitality, Sponsorships and Donation
- Marketing and Promotion expenses
- Consulting professional fees
- Shareholding/ownership information
- Company setup e.g. business with affiliates
- Compliance related guidelines



# How to report allegations of Siemens' wrongdoing

## Siemens' Reporting Channels

### Reporting of Possible Misconduct

To justify the trust placed in Siemens by customers, suppliers, shareholders, employees and other stakeholders of the company, we place the highest priority on the integrity and transparency of our business processes. Therefore, it is essential that Siemens obtains knowledge of any compliance violations, in particular violations of the Siemens Business Conduct Guidelines. Reliable reporting channels for internal and external stakeholders are indispensable for effective compliance, because they help ensure that possible misconduct is reported, thoroughly investigated and brought to light. Like other external stakeholders and Siemens employees, Siemens partners may choose between two protected channels to report possible misconduct to our company.

### Compliance Hotline "Tell us"

The compliance hotline "Tell us" is a secure way of reporting potential compliance violations. Reports can be submitted at any time of the day or night, anywhere in the world, in a safe, confidential and if desired, anonymous manner, either online or by telephone, in up to 150 languages. The call center and website are operated by an external provider specializing in the secure and confidential handling of sensitive content. Incoming reports are not traced and reporting parties are not automatically registered. The content of incoming reports is forwarded by the service provider to the Siemens Corporate Compliance Office for clarification. The decision on further actions to be taken is made there. All reports are treated confidentially.

### Ombudsperson

In addition to the compliance hotline "Tell us", possible compliance violations can also be reported to the Siemens Ombudsperson. The attorney Dr. Sibylle von Coelln of the Düsseldorf law firm of HEUKING · VON COELLN Rechtsanwälte has been appointed to serve as an external ombudsperson for the company, in order to give employees a protected reporting channel for possible compliance violations. All our Stakeholders can contact this impartial individual on a confidential and anonymous basis if they have observed any improper business practices in the company.

Dr. Sibylle von Coelln  
Rechtsanwältin  
HEUKING · VON COELLN Rechtsanwälte  
Prinz-Georg-Straße 104  
40479 Düsseldorf  
Tel: +49 211 44 03 57 79  
siemens-ombudsfrau@hvc-strafrecht.de

"Tell us" can be reached via a secure external Internet server:

<https://www.bkms-system.net/bkwebanon/report/clientinfo?cin=19siem14&language=eng>

