

Sustainability in the Supply Chain

Code of Conduct for Suppliers and Third Party Intermediaries

Supply Chain Management

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.

Dr. Roland Busch

Member of the Managing Board of Siemens AG
Chief Sustainability Officer of Siemens AG

Ladies and Gentlemen,

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 UN Global Compact and the principles of the International Labor Organization 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 sustainability 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 “supplier” is used for both. If the brochure means to address “third party intermediaries” exclusively, that term will be used.

Hannes Apitzsch

CEO Global Services and Responsibility
for Supply Chain Management

Dr. Klaus Moosmayer

Chief Compliance Officer

Further information on the topic of Sustainability in the Supply Chain can be found at:
www.siemens.com/about/sustainability/en/core-topics/

Further information for and about third party intermediaries can be found at:
www.siemens.com/about/sustainability/en/core-topics/compliance/system/

Code of Conduct for Siemens Suppliers and Third Party Intermediaries

This Code of Conduct defines the basic requirements placed on Siemens’ suppliers and third party intermediaries concerning their responsibilities towards their stakeholders and the environment. Siemens reserves the right to reasonably change the requirements of this Code of Conduct due to changes of the Siemens Compliance Program. In such event Siemens expects the supplier to accept such reasonable changes.

The supplier and/or third party intermediary declares herewith:

- **Legal compliance**
 - to comply with the laws of the applicable legal systems.
- **Prohibition of corruption and bribery**
 - to tolerate no form of and not to engage directly or indirectly in any form of corruption or bribery and not to 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.
- **Fair competition, anti-trust laws and intellectual property rights**
 - to act in accordance with national and international competition laws and not to participate in price fixing, market or customer allocation, market sharing or bid rigging with competitors;
 - to respect the intellectual property rights of others.
- **Conflicts of interest**
 - to avoid all conflicts of interest that may adversely influence business relationships.
- **Respect for the basic human rights of employees**
 - to promote equal opportunities for and treatment of its employees irrespective of skin color, race, nationality, social background, disabilities, sexual orientation, political or religious conviction, sex or age;
 - to respect the personal dignity, privacy and rights of each individual;
 - to refuse to employ or make anyone work against his will;
 - to refuse to tolerate any unacceptable treatment of employees, such as mental cruelty, sexual harassment or discrimination;
 - to prohibit behavior including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative;
 - to provide fair remuneration and to guarantee the applicable national statutory minimum wage;
 - to comply with the maximum number of working hours laid down in the applicable laws;
 - to recognize, as far as legally possible, the right of free association of employees and to neither favor nor discriminate against members of employee organizations or trade unions.
- **Prohibition of child labor**
 - to employ no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, to employ no workers under the age of 14.
- **Health and safety of employees**
 - to take responsibility for the health and safety of its employees;
 - to control hazards and take the best reasonably possible precautionary measures against accidents and occupational diseases;
 - to provide training and ensure that employees are educated in health and safety issues;
 - to set up or use a reasonable occupational health & safety management system¹⁾.
- **Environmental protection**
 - to act in accordance with the applicable statutory and international standards regarding environmental protection;
 - to minimize environmental pollution and make continuous improvements in environmental protection;
 - to set up or use a reasonable environmental management system¹⁾.
- **Supply chain**
 - to use reasonable efforts to promote among its suppliers compliance with this Code of Conduct;
 - to comply with the principles of non discrimination with regard to supplier selection and treatment.
- **Conflict Minerals**
 - 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.

¹⁾ For further information see www.siemens.com/procurement/cr/code-of-conduct



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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 game-changing 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

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.

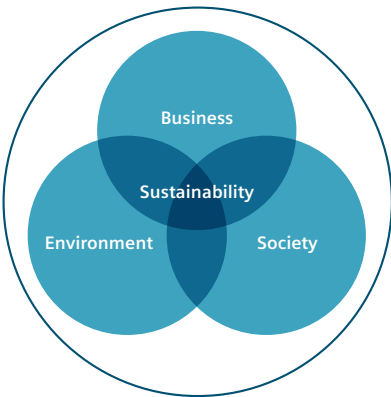
- Our responsibility extends not only to Siemens, but to our value chain and to society.
- With our environmental portfolio and environmental work, we make effective contributions to climate protection.
- We act with integrity in business, and our behavior complies with our moral principles and values.

www.siemens.com/sustainability

Sustainability in the Supply Chain

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.

The three areas of sustainable development – environment, business and society – govern all activities.



This Code of Conduct is based to a great extent on the principles of the UN Global Compact relating to human rights, labor standards, environmental protection and anticorruption 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.

Legal compliance, anti-corruption and fair competition

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 principles and guidelines that require all employees and managers to behave in an ethical, law-abiding manner. Equally, Siemens expects its suppliers to comply with all applicable laws and regulations, in particular in the field of anti-corruption and antitrust.

Siemens strictly prohibits its suppliers 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 supplier in connection with Siemens business must comply with applicable laws and must not create an appearance of bad faith or impropriety.

The term government official covers officials or employees of any government or other public body, agency or legal entity at any level, including officers or employees of state-owned enterprises, political parties and public international organizations.

Another important topic is fair competition, which is in many countries protected by antitrust laws.

Antitrust laws prohibit agreements between companies that restrict competition, e.g. price fixing, market or customer allocation, market sharing or bid rigging with competitors, or the abuse of a dominant position in the market.

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

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



Siemens' suppliers undertake:

- To comply with the laws of the applicable legal systems;
- To tolerate no form of and not to engage directly or indirectly in any form of corruption or bribery and not to 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;
- To act in accordance with national and international competition laws and e.g. not to participate in price fixing, market or customer allocation, market sharing or bid rigging with competitors;
- To respect the intellectual property rights of others.

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.

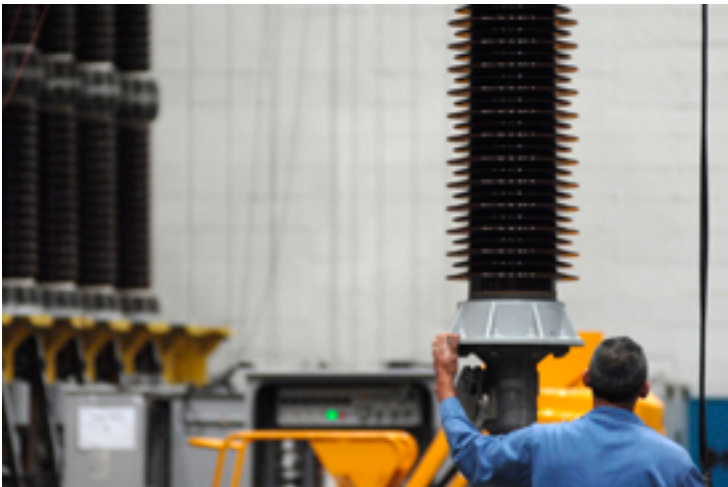


Conflicts of interest

Employees should act in the best interest of their company. 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 higher awareness.

How do you, as a supplier, actively support us in avoiding conflicts of interest?

- You have established measures which prevent conflict of interests.
- You take care that no family or other personal relationship is used to improperly influence your employees' business judgement.
- Your employees do not use their position to offer gifts, invitations or other advantages to Siemens employees. This does not apply to occasional gifts of purely symbolic value or meals or entertainment of appropriate value.



Siemens' suppliers undertake:

- To avoid all conflicts of interest that may adversely influence business relationships.

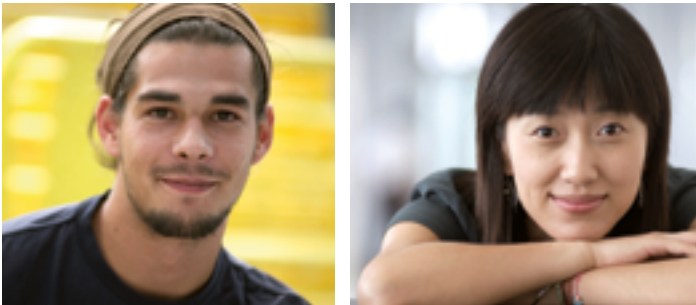
Respect for fundamental employment rights

Siemens expects its suppliers to respect the fundamental employment rights set out in international conventions of the United Nations (UN), the International Labor Organization (ILO), the Organization for Economic Cooperation and Development (OECD) and the UN Global Compact initiative.

How do you, as a supplier, actively support us in implementing the Code of Conduct as it applies to respecting fundamental employment rights?

- 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 not permitted within your company.

- You do not employ anyone who, because of an act of law, an official decision or a court ruling, is obligated to work for you. For example, forced labor as defined in Convention No. 29 of the International Labor Organization (ILO) is not permitted 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.
- You pay your employees fair remuneration and comply with relevant national statutory minimum wage rates and restrictions on working hours.
- You accept the right of employees, to the extent that it is legally applicable, to form associations such as trade unions.



Siemens’ suppliers undertake:

- To promote equal opportunities for and treatment of its employees irrespective of skin color, race, nationality, social background, disabilities, sexual orientation, political or religious conviction, sex or age;
- To respect the personal dignity, privacy and rights of each individual;
- To refuse to employ or make anyone work against their will;
- To refuse to tolerate any unacceptable treatment of employees, such as mental cruelty, sexual or personal harassment or discrimination;
- To prohibit behavior including gestures, language or physical contact, that is sexual, coercive, threatening, abusive or exploitative;
- To provide fair remuneration and to guarantee the applicable national statutory minimum wage;
- To comply with the maximum number of working hours laid down in the applicable laws;
- To recognize, as far as legally possible, the right of free association of employees and to neither favor nor discriminate against members of employee organizations or trade unions.

Further information on international conventions on fundamental employment rights, such as ILO conventions, the UN Global Compact and the UN Universal Declaration of Human Rights, can be found at:
www.siemens.com/sustainability

Prohibition of child labor

Siemens expects its suppliers 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 supplier maintains its business premises, then the supplier 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 supplier maintains its business establishment.

How do you, as a supplier, actively support us in implementing the Code of Conduct regarding compliance with the minimum employment age?

- When appointing new employees, you verify their dates of birth and document them in the personnel files. Taking account of country-specific legislation, you do not employ any workers under the age of 15.
- You also monitor your suppliers to ensure that they comply with regulations governing the prohibition of child labor.



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Siemens' suppliers undertake:

- To employ no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, to employ no workers under the age of 14.

You can find further information on the prohibition of child labor and the relevant conventions of the International Labor Organization at: www.ilo.org

Health and safety of employees

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

Your contribution, as a supplier, 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 assess and take account of possible effects of activities, products and services on the health and safety of your employees.
- 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 have your own minimum requirements for occupational health and safety and adhere to them actively. You regularly develop these minimum requirements further internally and keep your suppliers informed about them.
- You have a person who is responsible for occupational health and safety matters.
- You implement suitable measures to ensure adherence.
- 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 provide your employees with the personal protective equipment identified for their job and ensure the use.
- You train and educate employees, because they recognize the risks and can hence contribute to preventing accidents and occupational diseases.



Siemens’ suppliers undertake:

- To take responsibility for the health and safety of its employees;
- To control hazards and take the best reasonably possible precautionary measures against accidents and occupational diseases;
- To provide training and ensure that employees are educated in health and safety issues;
- To set up or use a reasonable occupational health and safety management system.

- You have an occupational health and safety management system in place in accordance with OHSAS 18001 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 suppliers must adhere actively to the principles of occupational health and safety, both when selecting suppliers and in the conduct of their business relationships.

- You contribute to the health & safety management system on Siemens locations and project sites with your own audits and risk assessments.

Health and safety of employees

Occupational health and safety in projects

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.

Your contribution, as a supplier, and contractor in projects, is to ensure that:

- You comply with all statutory provisions on health and safety and that you use best efforts to eliminate hazards for the health and safety of your personnel.
- You provide Siemens with a written risk assessment that
 - a) analyzes the hazards for the health and safety of the personnel arising out of the works and
 - b) determines measures to eliminate these hazards.
- All your personnel take part in a site-specific safety training and receive the appropriate personal safety equipment.
- You are contributing to the health & safety management system on Siemens locations and project sites with your own audits and risk assessments.



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.

You can find further information in the document “Information to Code of Conduct, Section Environmental Protection”: <http://www.siemens.com/scm/environmental-protection-managementsystem>

Environmental protection

Siemens expects its suppliers 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 re-use, recycling or disposal. We also expect you, our suppliers, 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 supplier, 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, re-use, recycling, environmentally compatible product use, maintenance and disposal and, where applicable, measures for protection against hazardous substances, and you train your employees accordingly.



Siemens' suppliers implement measures:

- To act in accordance with the applicable statutory and international standards regarding environmental protection;
- To minimize environmental impacts and continually improve environmental protection;
- To set up or use an environmental management system.

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 therefore is 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.

These suppliers are expected to ensure compliance with local environmental legislation but are not obliged to implement an environmental management system.

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.

You can find further information in the document "Information to Code of Conduct, Section Environmental Protection": <http://www.siemens.com/scm/environmental-protection-managementsystem>

Environmental protection

Substance and material declaration (REACH, RoHS)

European legislation like **REACH** (Registration, Authorisation and Restriction of Chemicals) and **RoHS** (Restriction of Hazardous Substances) require manufacturers and suppliers to be aware of certain substances contained in their respective products. In case of a substance of very high concern the information needs to be passed on through the supply chain. As such, Siemens and its affiliated companies ("Siemens") require suppliers to declare whether products delivered to Siemens contain any substances that are regulated by such legislation.

For doing so, relevant suppliers need to complete the Siemens Substance Declaration (see chapter "Sustainability in Supplier Management") to begin with, which is based on the List of Declarable Substances. In cases where suppliers have products that contain declarable substances as specified by the Siemens Substance Declaration, suppliers must declare such content to Siemens. To provide the opportunity for our suppliers to increase their efficiency concerning substance declaration, Siemens supports the centralized database **"BOMcheck"** where Siemens suppliers have to insert their substance declaration.



BOMCheck: Siemens mandatory Supplier Substance Declaration method

Together with other manufacturing companies, we have been supporting an industry-wide initiative of efficient substance declaration via a web database called BOMcheck. BOMcheck provides an easy-interface method to enter the requested data for substance declaration and can be accessed by all your participating customers. We like to request you to join BOMcheck and to provide us with the substance declaration for your products.

More detailed information on BOMcheck, how it can help you to provide substance data to multiple customers and how you can register can be found at:
www.bomcheck.net/account/register

Supply chain

For our suppliers too, a large proportion of the value added is generated in the supply chain. It is therefore important to us that our suppliers 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 suppliers 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 suppliers must therefore not only implement and promote the principles of non-discrimination within their company, but also actively adhere to the principles of non-discrimination in the selection of their suppliers and in the conduct of their business relationships. Non-discrimination in the area of business relationships means in particular that requests for quotations should be made accessible to as wide a circle of potential suppliers as possible. Equality of opportunity should not be restricted from the outset through the exclusion of suppliers (e.g. due to their background, race, beliefs) without reasonable grounds.

- How do you, as a supplier, actively support us in implementing the Code of Conduct in your supply chain?**
- 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. Corporate Responsibility 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.



Siemens’ suppliers undertake:

- To use reasonable efforts to promote among its suppliers compliance with this Code of Conduct;
- To comply with the principles of non-discrimination with regard to supplier selection and treatment.

Conflict Minerals

Until the present day, trade in Conflict Minerals has been affected by many violent conflicts 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 conflict, and that development is supported through the company's supply chain practices. This objective shall be obtained in every conflict region worldwide. The process described in our conflict minerals policy and in the following paragraph can be seen as a prime example of realizing the desired conflict policy successfully.

The so-called "Conflict Minerals" tantalum, tin, tungsten, the ores from which they originate, and gold are mined extensively throughout the DRC region. The DRC region includes the Democratic Republic of the Congo, Angola, Burundi, the Central African Republic, the Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia.

As a company active in the global supply chain and a direct and indirect manufacturer of products containing Conflict Minerals, Siemens is committed to working

toward avoiding the use, within its supply chain, of Conflict Minerals that directly or indirectly finance or benefit armed groups in the DRC region.

Siemens is taking systematic steps to determine the use, source and origin of Conflict Minerals in its supply chain and is working closely with its direct suppliers to support Siemens in carrying out these steps.

This information will also help Siemens' customers to fulfill the U.S. Securities and Exchange Commission (SEC) reporting requirements. The mining of Conflict Minerals represents one of the main sources of income for the local civilians and is thus indispensable to them. As such, imposing an embargo and stigmatizing the whole of the DRC region would most likely be an inappropriate response to this issue. However, transparency and the disclosure of information about Conflict Minerals will allow purchasing decisions to be made consciously, thus supporting responsible sourcing.

To ensure transparency within the supply chain, Siemens expects suppliers to provide supply chain data so that it can fulfill its legal obligations and help to identify smelters in our common supply chain.



Siemens' suppliers 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.



Siemens expects its suppliers to take every effort to avoid Conflict Minerals that are not found to be conflict free. To increase knowledge about the origin and chain of custody of Conflict Minerals in their supply chain, Siemens suggests that its suppliers use the standard Conflict Minerals Reporting Template of the Conflict-Free Sourcing Initiative (CFSI). This template is developed by the cross-industry initiatives Electronic Industry Citizenship Coalition (EICC) 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. This means that the minerals originating from a smelter/refiner on this list can be deemed not to contribute to the conflict in the DRC region.

You can also find the Siemens Conflict Minerals Policy, which the company expects its suppliers to follow, at: www.siemens.com/conflictminerals.

Third party intermediaries

Siemens’ global activities entail collaboration with many different partners all over the world. Mutual trust is essential to these relationships. Under anti-corruption laws Siemens can be held liable for the conduct of third party intermediaries such as sales agents, customs brokers, specific distributors, and consortium partners.

For third party intermediaries Siemens has implemented a special “Business Partner Compliance Due Diligence Process”. This process and the description below apply to third party intermediaries regardless if the intermediary is also involved in the Siemens procurement process.

Our Business Partner Compliance Due Diligence Process is structured and straightforward. It supports the selection of third party intermediaries subject to the necessary care and in line with compliance requirements and ensures that the relevant business relationship is responsibly evaluated and managed.

Prior to engaging a third party intermediary, the Siemens entity concerned has to perform a compliance due diligence. Based on a risk assessment of the proposed business relationship, the due diligence questionnaires include internal information obtained from the third party 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 and provides a transparent overview. The due diligence process is repeated at defined intervals.

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

For the purposes of an audit, Siemens requires an appropriate level of documentation which substantiates, in a transparent and clear manner, the activities of the third party, in order to ensure the appropriate use of the funds received from Siemens and to ensure their compliance with the contract and with the applicable laws and regulations, especially with the anti-corruption related regulatory environment.

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



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 procurement process.

Siemens sources goods and services worth approximately half of its yearly revenue in more than 160 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 at regular intervals 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 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 will receive 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. There, we control our expectations via detection modules. The Supplier Evaluation module on Sustainability, the Regular Supplier Quality Audits, the External Sustainability Audits and the Incident Driven Audits 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.



Contractual Obligation

We developed a system of contractual obligations to ensure that all of our suppliers commit to the requirements of the Code of Conduct:

Corporate Responsibility declaration for supplier qualification

Qualifying suppliers: within our Supplier Qualification process, all suppliers have to pass several requirements – one of them is the commitment to our Code of Conduct.

Corporate Responsibility contract clause

Negotiating contracts: all new and extended procurement contracts have to include the Corporate Responsibility contract clause which commits the supplier to our Code of Conduct and, additionally, defines Self-Assessment and audit rights.

Conditions of Purchase

Purchase orders: to complete the system and to cover possible small procurement volumes which might not be covered by explicit procurement contracts, all purchase orders include the Code of Conduct commitment in the Conditions of Purchase.

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, Supplier Evaluation Module on Sustainability, Regular Supplier Quality Audits, External Sustainability Audits and Incident Driven Inspections.

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

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 anti-trust 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 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.

Supplier Evaluation Module on Sustainability

To make sure that suppliers continuously comply with our performance requirements in the course of the supplier relationship, performance of existing Siemens suppliers is evaluated regularly on the basis of standardized criteria. The regular supplier evaluation monitors supplier’s performance – including our sustainability requirements. The supplier evaluation is performed at least once a year and results in a standardized classification which ranges from “Outstanding” to “Poor”.

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.



The questionnaire is available online at www.siemens.com/scm/self-assessment

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.

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

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 company-wide 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 and training toolkit 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:
Web Based Training for Suppliers
on Sustainability in the supply chain
www.siemens.com/scm/wbt-for-suppliers

BOMcheck – Siemens preferred
Supplier Substance Declaration method:
www.siemens.com/scm/environment/bomcheck

You can find our Supplier
Sustainability Toolkit here:
www.siemens.com/scm/sustainability-toolkit

You can find further information on our trainings for third party intermediaries under:
<http://www.siemens.com/about/sustainability/en/core-topics/compliance/system>



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 suppliers 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.

Ombudsman

In addition to the compliance hotline “Tell us”, possible compliance violations can also be reported to the Siemens Ombudsman. The attorney Andreas von Máriássy of the Munich law firm of von Máriássy Dr. von Stetten Rechtsanwälte has been appointed to serve as an external ombudsman 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:

Kanzlei von Máriássy Dr. von Stetten Rechtsanwälte
Rechtsanwalt Andreas von Máriássy
Altheimer Eck 13 / II
80331 Munich, Germany
Telephone : +49 (89) 24 20 56 80
siemens-ombudsmann@rae13.de

“Tell us” can be reached via a secure external Internet server:
<https://www.bkms-system.net/bkwebanon/report/clientinfo?cin=19siem14&language=eng>



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