



# Sustainability report 2021



**SIEMENS**

# Technology to Transform the Everyday

## Key figures<sup>1</sup>



**303,000**  
Employees



€ **62.3** billion  
Revenue

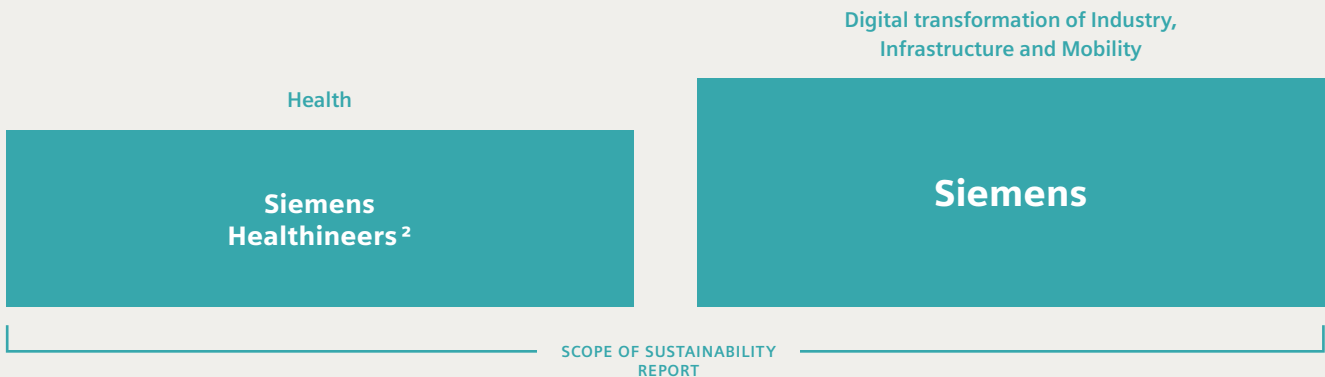


**15.0%**  
Adjusted EBITA margin  
for the Industrial Businesses



€ **6.7** billion  
Net income

## Joint values unite us under the brand Siemens with Siemens Healthineers (SHS)



All indicators in the report are shown including Siemens Healthineers (SHS), unless otherwise noted. For the sake of readability, the masculine form is used; it is representative of people of any gender.

<sup>1</sup> Including Varian.

<sup>2</sup> Publicly listed subsidiary of Siemens; Siemens' share in Siemens Healthineers: 75%.

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# I Foreword

## Technology with Purpose

How we can improve quality of life while using fewer resources.

### Dear Readers,

the world is changing, at an increasing pace every day. At the same time, in some ways the world isn't changing fast enough to overcome the ecological and social challenges that confront us all.

Thanks to technological progress we are able to provide food for more people today than at any time in history. The percentage of very low-income people in the world is at its lowest level ever. And in the past 20 years alone, a billion people have escaped extreme poverty.

### The dilemma of our time

But there's a price to pay for that progress, and that price is increasing every day. We're emitting ever more CO<sub>2</sub>, and we are accelerating climate change. Air and water are in a concerning state in many regions. Not to mention growing inequality in many societies.

Humanity today faces a double challenge: How can we manage to provide a good life for more and more people and – at the same time – halt climate change and environmental pollution? How can we safeguard the foundations of life for future generations?

The answer is: We need to decouple economic growth from the consumption of natural resources. We must do more with less.

Doing more with less is something we can already do today. In the past decades, for instance, technological progress has enabled more than 30 countries to decouple economic growth and consumption from carbon emissions.

**In collaboration with our customers and partners, we're working to transform industry, infrastructure, mobility, and healthcare: the backbone of our society.**

Siemens has contributed to that progress – and we want to speed it up even more. In collaboration with our customers and partners, we're working to transform industry, infrastructure, mobility, and healthcare: the backbone of our society. We're certain that with new technologies we can generate progress and growth for every society, while consuming fewer resources. We call this "Technology with Purpose".

### How "Technology with Purpose" can help

Every day, our "Technology with Purpose" demonstrates what is already possible. For instance, we're supplying the U.S. railway Amtrak with trains whose new drive technologies use less energy and can run entirely free from fossil fuels. Artificial intelligence lets us guarantee that the trains are available almost 100 percent of the time. Compared with the trains that were mostly in use before, we are thus significantly reducing CO<sub>2</sub> emissions – while at the same time carrying 1.5 million more passengers.

In Egypt, we're about to build the country's first electrified, high-speed, long-distance train line. It will provide new, affordable, sustainable mobility, counteract urban sprawl, and create new opportunities for economic growth and employment.

Another example is our digital twins. They can simulate a vast range of products and processes in fields as diverse as industry, infrastructure, construction, and city planning. They help to save time, energy, and resources. With our British customer TrakRap, for instance, we've been able to develop new machines that consume 90 percent less energy and 70 percent less plastic when making film packaging for bottles.

We're building state-of-the-art plants that extract green hydrogen, and we're connecting them with industries and energy storage facilities. Our model project at Wunsiedel in northern Bavaria, Germany, shows how an entire community can be supplied with 100 percent renewable energy, and how hydrogen can serve for long-term energy storage. This helps ease grid bottlenecks and keep the power grid flexible.

These and many other projects show: With the right technology, we can do more with less. If we truly want to become more sustainable and achieve our climate goals, however, we have to move even faster and make sustainable technologies the new standard.

Here we at Siemens are leading by example.

### What we expect from ourselves

Six years ago, we were one of the world's first large industrial corporations to commit to becoming climate-neutral by 2030. Since then, we've cut our CO<sub>2</sub> emissions by more than half. And we're working full-speed to achieve our ambitious goal even earlier, if possible. For this purpose we designed, for example, digital twins that help us to develop a clear timeline for making our factories and large buildings climate-neutral.

What drives us is our desire to apply technology that will make our own activities – and those of our partners and customers – more sustainable. The Dow Jones Sustainability Index (DJSI) published in November 2021 ranked Siemens as the most sustainable

company in its industry group. This recognition confirms that we are on the right track.

With our new ambitious DEGREE<sup>1</sup> framework, we are taking yet another step forward. It represents a whole new level in our commitment to sustainable development, good governance, social responsibility, and protecting the environment.

Every day we work hard on protecting people and our environment and on mitigating damage to the climate. One example of what we're doing: We're aiming to put the principle of the circular economy to work at our company and to eliminate landfill waste by 2030.

**Sustainability is the heart of our business and the engine that drives it. Which is why we've developed an ambitious new sustainability framework: DEGREE.**

We've adopted sustainability as a strategic imperative for all our investment decisions – whether they're about corporate acquisitions, customer projects, or assessments of suppliers.

By joining the Science Based Targets initiative (SBTi) we've committed to reporting on our own operating emissions and those in our value chain.

And we'll be backing up that commitment with additional actions. As a member of the Climate Group – an initiative of like-minded companies – we've agreed to convert entirely to renewable energy by 2030, to use or run all our buildings on a CO<sub>2</sub>-neutral basis, and to switch entirely to electric vehicles.

<sup>1</sup> DEGREE is an acronym for Decarbonization, Ethics, Governance, Resource Efficiency, Equity, and Employability.

We also want to cut emissions throughout our value chain at least by 20 percent until 2030 (basis: fiscal 2020). To achieve this goal we support our suppliers, for example, with Carbon Web Assessments to analyze their carbon footprint and reduce it efficiently.

Empowered employees are crucial to our success. Diverse, inclusive teams can do wonders if each of the team members can contribute their own individual abilities and feels respected and motivated.

We help our employees to embrace change, remain resilient and relevant, and thus sustainably employable over a long working life with their skills in a constantly changing and challenging environment. That's why we at Siemens continually invest in training and development, helping our employees develop a positive, forward-looking mindset that helps them take on challenges, grow from them, and ultimately rise above them. We refer to this as a Growth Mindset. Last year, we invested more than 300 million euros in training and development. We use our own digital knowledge to move learning into the digital world. To date, we have around 100,000 pieces of digital learning content available.

**We support our employees to take on challenges, grow from them and rise above them. We refer to this as a Growth Mindset.**

For us, responsibility includes conscientiousness, integrity, and adherence to our values. We support that with a strong across-the-board compliance system and clear guidelines for how we do business.

In society as well, we're working for greater integrity and a fair market environment. With the Siemens Integrity Initiative, we're supporting organizations around the world to combat corruption.

All of this shows: We're speeding up our company's sustainable transformation. And this commitment is recognized around the world.

**Shared principles, rules, and solutions for transformation**

We've already gained a lot of ground, and we're proud that not even a pandemic has been able to stop us. But we still have a long way to go. That goes for our company as well as our entire society.

At Siemens, we'll continue working hard for progress at every level. We're encouraging change – and transforming the everyday: We want to make people's lives better all over the globe – today and in the future.

That's why we're investing extensively in research and development. In global alliances like the UN Global Compact, the World Economic Forum, and econsense, and in collaboration with many universities, we're developing principles, rules, and solutions to speed up sustainable transformation worldwide.

Most of all, we'll keep working for and with our customers to do more with less every day. We will only be able to build a sustainable world if we can make today's cutting-edge technologies the standard of tomorrow.



Dr. Roland Busch



Judith Wiese



# THE COVID-19 PANDEMIC

## Healthy and safe amid the pandemic

Again in 2021, COVID-19 was our constant companion. We are still in the pandemic, crisis and emergency management was a particular challenge this year as well. [➤ ANNUAL FINANCIAL REPORT 2021 COMBINED MANAGEMENT REPORT 8.3.1 STRATEGIC RISKS](#)

### Balance between opportunities and risks

Since the beginning of 2021, more and more vaccines have been approved and the global vaccination campaign against the coronavirus has gathered pace. In addition, some sectors such as the automotive industry and mechanical engineering have recovered more quickly than expected. The general economic situation has improved despite considerable regional differences. The demand for our services has grown and we have been able to satisfy this demand and deliver consistently good operating results. Thus, Siemens has continued to follow an accelerated and value-enhancing course of growth across all business segments and regions.

Nothing is more important to us than protecting our people. Despite the hope and optimism fueled by vaccinations, we are still committed to preventing the further spread of the coronavirus, combating it, and curbing it with all our strength. This commitment requires that we as a company continue to implement sustainable hygiene and protection concepts together with all our people.

### Lasting protection and enduring appreciation

The COVID-19 crisis team established in 2020 and the decentralized emergency management teams continued to closely observe the course of the global pandemic in 2021 and reacted to regional developments quickly and efficiently. The established hygiene and protection concepts were adjusted

according to the prevailing circumstances and communicated transparently via local channels. The success of this approach is attested by the trend of case numbers in Europe, insofar as the number of infections of our people is relatively low compared to the overall case numbers in Europe (considering only those European countries that host Siemens locations).

Siemens supports national vaccination campaigns as the most important tool against COVID-19. In some countries such as Germany, we have been able to offer all our people the chance to get vaccinated by the company's Medical Services.

The longer the pandemic lasts, the more important it becomes to protect the health and safety of our people and keep up their motivation. Although the global employee survey showed a high degree of satisfaction with Siemens' handling of the crisis and the support we provide to our people, the restrictions imposed on people's private and work activities have led to widespread COVID-19 fatigue. In video messages from Managing Board members and in local and centralized initiatives, Siemens has expressed its appreciation for the fact that our people have not only been able to protect themselves and their co-workers, but have also made an invaluable contribution to the success of our company with their responsible behavior over many months and under extremely difficult working conditions in many cases.

### Trust in our solutions

The second year of the pandemic has shown that we will navigate the crisis safely, making a valuable contribution to society with our many initiatives and solutions. This is demonstrated by the following activities and projects:



- The COVID-19 Aid Fund, established in April 2020 and largely managed by the charitable organization Siemens Caring Hands e.V., continued to provide quick, unbureaucratic support to aid organizations and medical institutions, as well as those affected by the crisis worldwide. Since April 2020, Siemens and our people have donated more than €7 million, which has been used to finance important aid projects throughout the world. These include local initiatives in collaboration with NGOs in certain countries and other global initiatives managed directly by Siemens Caring Hands e.V. For example, Siemens has made a lasting contribution to combating the pandemic in India by using the aid fund to supply 100 oxygen concentrators to hospitals in Bengaluru, Goa, and Chennai, in addition to the company's local efforts in that country. The concentrators help treat COVID-19 patients. In addition, donated funds have been used to provide additional medical devices, hygiene sets, masks, and food to affected families and facilitate access to education in digital formats. The aid fund supports COVID-19 projects in more than 40 countries, including Brazil, India, the United States, Germany, Vietnam, Sudan, Mexico, South Africa, Canada, and Bangladesh.
- Since the beginning of the pandemic, Siemens has provided aid funds totaling approximately €18 million, via both the COVID-19 Aid Fund and other charitable projects directly financed with company funds.
- Bringing a vaccine quickly to market is critical for combating a pandemic. Siemens Digital Industries helped the pharmaceutical company BioNTech refit its factory in Marburg for the production of COVID-19 vaccines in a record time of only five months. This success will now be transferred to other production facilities in order to make the COVID-19 vaccine available throughout the world as quickly as possible. BioNTech was the first company to bring a new mRNA vaccine to market, together with Pfizer.
- With its smart building solutions, Siemens Smart Infrastructure creates safe and protected indoor spaces in office buildings and factories, healthcare facilities, and public buildings. These solutions help to combat the spread of the virus and safely revive economic and social life. For example, the National Center for Civil and Human Rights (NCCHR), in Atlanta (United States), was one of the first cultural institutions to integrate thermal imaging and air purification technologies from Siemens and its partners into its existing health and safety protocols. As a result, the center was able to reopen its doors to visitors and offer a safe place for learning and open dialog in the midst of the pandemic.
- Especially during the COVID-19 pandemic, mobility is essential for keeping society and the economy healthy and running smoothly. Siemens Mobility's products and solutions help mobility providers continue to operate efficiently and sustainably while also reducing the risks for passengers. With our MaaS (Mobility as a Service) platforms, we can help railway operators provide seamless mobility. Transparent travel details and options to plan and pay for trips – even intermodal trips – without physical contact help make travel safe and comfortable and therefore contribute to a more sustainable use of public mass transit. One MaaS solution will be deployed on a country-wide basis in Spain, for example, where the railway operator Renfe has engaged Siemens Mobility and everis to develop and operate a smart MaaS platform.

In these times of dramatic change for companies, industries, and markets, it has been shown that our customers and partners can trust Siemens to help them solve their pressing challenges and make a real difference in the world.

### The course has been set for a new normal

The past months have been strenuous and often challenging. However, the pandemic has also given rise to new opportunities to develop modern ways of working and new forms of collaboration. After many months of learning and experimentation, Siemens will not simply go back to the “old world” – because we have evolved as individuals and as an organization.

The coronavirus crisis and the resulting measures have shown that mobile working offers many advantages that had previously not been utilized – both for individuals and for the company. In July 2020, Siemens introduced its New Normal Working Model as an early move to set the course for the transformation to a “new normal.” The goal is to offer all our people anywhere in the world mobile working two to three days per week on average, and when sensible and feasible. This new model aims to establish a work and leadership culture that is based on trust and self-determination – independent of face-to-face encounters. By focusing on results instead of presence in the office, we empower our people to adopt new, more flexible ways of working, and to choose for themselves the work environment where they can give their best performance.

With this new working model, Siemens is one of the first major international companies to establish a culture that not only enhances the motivation and performance of its people, but also strengthens its position as an attractive employer that is prepared to react flexibly to future crises. Above all, however, this approach shows exactly what Siemens is: a modern and leading technology company filled with people who drive transformation with courage and passion.

# Siemens at a glance

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



1.1

# Our DEGREE framework sets clear and measurable ambitions

## **D**ecarbonization

support the 1.5°C target to fight global warming

## **E**thics

foster a culture of trust, adhere to ethical standards, and handle data with care

## **G**overnance

apply state-of-the-art systems for effective and responsible business conduct

## **R**esource efficiency

achieve circularity and dematerialization

## **E**quity

foster diversity, inclusion, and community development to create a sense of belonging

## **E**mployability

enable our people to stay resilient and relevant in a permanently changing environment

### A clear framework for sustainability

Sustainability is an integral part of our business – it is part of our DNA. We are taking our ESG commitment to the next level with our DEGREE framework. It constitutes a 360-degree approach for all stakeholders – our customers, our suppliers, our investors, our people, the societies we serve, and our planet. In addressing the three aspects of ESG, we are building a better future that helps us stay within the planetary boundaries, helps us foster a culture of trust, empowerment, and growth, supports inclusive economic opportunities, and ensures that our people and businesses remain resilient and relevant for whatever the future holds.

The DEGREE framework is based on six fields of action that drive sustainability and are dynamic and continuously evolving. We have set clear priorities and ambitions for key ESG issues, which we are driving within our own operations and together with our customers and suppliers. The DEGREE framework applies to all Siemens-affiliated companies excluding Siemens Healthineers (SHS). The sustainability concept of SHS follows the same basic principles, which reflects our expectations as majority shareholder.

What are our ESG ambitions and priorities? And what progress did we make until end of fiscal 2021?  
 14 global ambitions and key figures for Siemens excluding Siemens Healthineers, unless otherwise noted.

|                            |   | Baseline                                | Progress until end of FY 21                   | Ambitions |  |
|----------------------------|---|---|---|-----------|--|
| <b>Decarbonization</b>     | 1. Net zero operations by 2030 in line with SBTi pathway <sup>1</sup>   | 926 kt CO <sub>2</sub> <sup>2</sup>     | -36%  | -50%      |  |
|                            | 2. Net zero supply chain by 2050, 20% emissions reduction by 2030   | 8,098 kt CO <sub>2</sub> e <sup>3</sup> | -1%   | -20%      |  |
| <b>Ethics</b>              | 3. Striving to train 100% of our people on Siemens' Business Conduct Guidelines every three years                   | --                                      | 76% <sup>4</sup>                              | 100%      |  |
| <b>Governance</b>          | 4. ESG-secured supply chain based on supplier commitment to the Supplier Code of Conduct                            | --                                      | Suppliers committed                           | --        |  |
|                            | 5. Long-term incentives based on ESG criteria <sup>5</sup>  | --                                      | ESG criteria anchored                         | --        |  |
| <b>Resource efficiency</b> | 6. Next-level robust ecodesign for 100% of relevant Siemens product families by 2030                                | 26% <sup>6</sup>                        | 26%   | 100%      |  |
|                            | 7. Natural resource decoupling through increased purchase of secondary materials for metals and resins <sup>7</sup> | --                                      | Part of Eco Efficiency @ Siemens <sup>6</sup> | --        |  |
|                            | 8. Circularity through waste-to-landfill reduction of 50% by 2025 and toward zero landfill waste by 2030            | 7,000 t <sup>6</sup>                    | 7,000 t                                       | -50%      |  |
| <b>Equity</b>              | 9. 30% female share in top management by 2025   | 22.7% <sup>3</sup>                      | 27.5%   | 30%       |  |
|                            | 10. Access to employee share plans: maintain high level and expand globally to 100% <sup>8</sup>                    | 98% <sup>6</sup>                        | 98%   | 100%      |  |
|                            | 11. Global commitment to the New Normal Working Model <sup>9</sup>  | --                                      | Roll-out continued                            | --        |  |
| <b>Employability</b>       | 12. Double digital learning hours by 2025   | 7h <sup>3</sup>                         | x2.5  | x2        |  |
|                            | 13. Access to employee assistance program: maintain high level and expand globally to 100% by 2025                  | 82% <sup>3</sup>                        | 87%   | 100%      |  |
|                            | 14. 30% improvement in Siemens' globally aggregated LTIFR <sup>10</sup> by 2025                                     | 0.31 <sup>3</sup>                       | -13%  | -30%      |  |

**FURTHER INFORMATION**  
 ON OUR AMBITIONS

<sup>1</sup> Science Based Targets Initiative inclusive of Siemens Healthineers equivalent to 50% reduction in emissions from business operations (scope 1 and 2) by 2030.  
<sup>2</sup> Baseline FY 19. 2030 SBTi reduction path requires 50% operative CO<sub>2</sub> emissions reductions (Scope 1 and 2).  
<sup>3</sup> Baseline FY 20.  
<sup>4</sup> Since the beginning of FY 20.  
<sup>5</sup> Assessment based on the Siemens internal ESG/sustainability index, based on customer satisfaction (Net Promoter Score), CO<sub>2</sub> reduction, training hours.  
<sup>6</sup> Baseline FY 21.  
<sup>7</sup> Product specifications for the use of secondary plastics are in development.  
<sup>8</sup> Where legally possible and reasonable.  
<sup>9</sup> For employees with job profiles that make this possible and reasonable.  
<sup>10</sup> LTIFR: Lost Time Injury Frequency Rate (Siemens employees and temporary workers).

1.2

# Company profile

- **Internationally active, focused technology company**
- **Purpose: Technology to Transform the Everyday**
- **Combining the real and digital worlds to benefit customers and society**

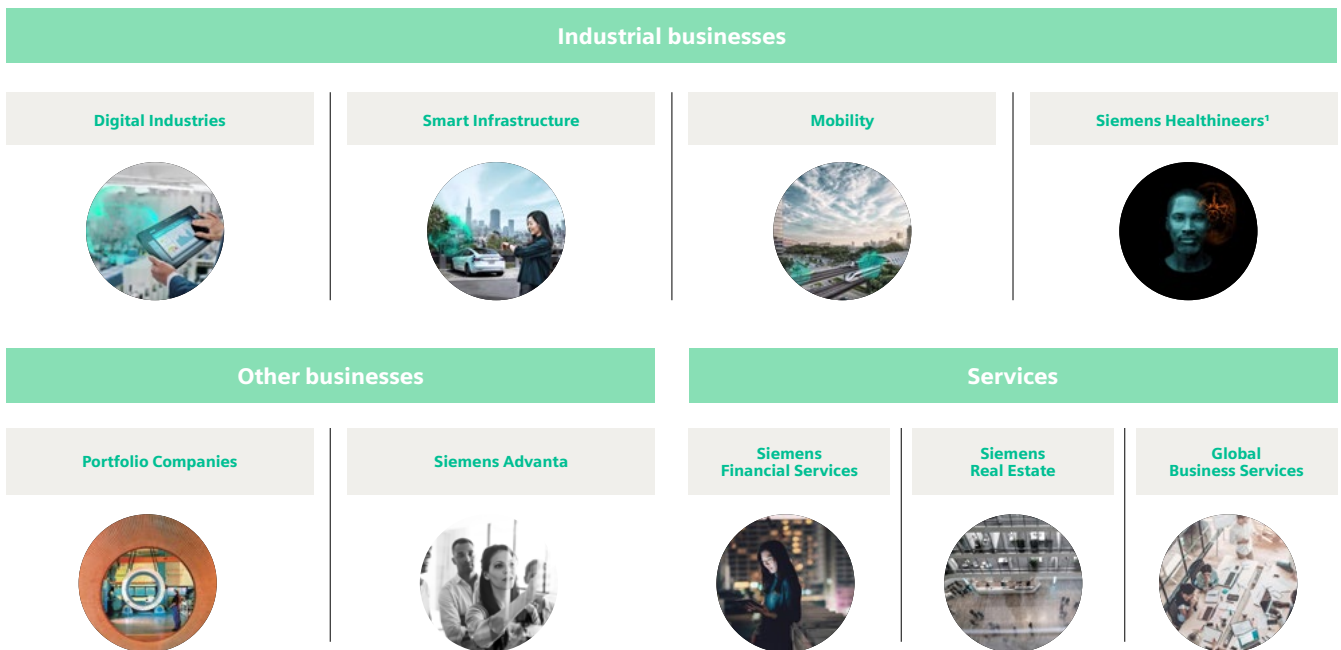
By combining the real and digital worlds, Siemens empowers its customers to transform their industries and their markets.

In addition to its core businesses of Digital Industries, Smart Infrastructure, and Mobility, Siemens is the majority shareholder of the exchange-listed company Siemens Healthineers (SHS) – a globally leading provider of medical technology that is shaping the future of healthcare.

## A focused technology company

Siemens AG (Berlin and Munich) is a technology company focused on the fields of industry, infrastructure, mobility, and healthcare.

### Businesses and services



<sup>1</sup> Publicly listed subsidiary of Siemens; Siemens' share in Siemens Healthineers: 75 %.

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Shaping the industrial revolutions



**Our corporate structure**

Our corporate structure comprises business units, countries, and service and governance units. Our national subsidiaries are close to our customers, create market opportunities, and drive growth on the basis of a lean organizational structure. Siemens presents itself as one company in every country, based on close collaboration between business units. The service and governance units develop, transform, and operate services efficiently for Siemens and for external customers. They ensure efficient, simplified, and robust governance.

**Shaping the industrial revolutions**

Siemens has shaped the industrial revolutions ever since it was founded. Thanks to its extensive portfolio expertise and many years of experience in combining the real and digital worlds, Siemens is able to help shape the sustainable development of Industrie 4.0.

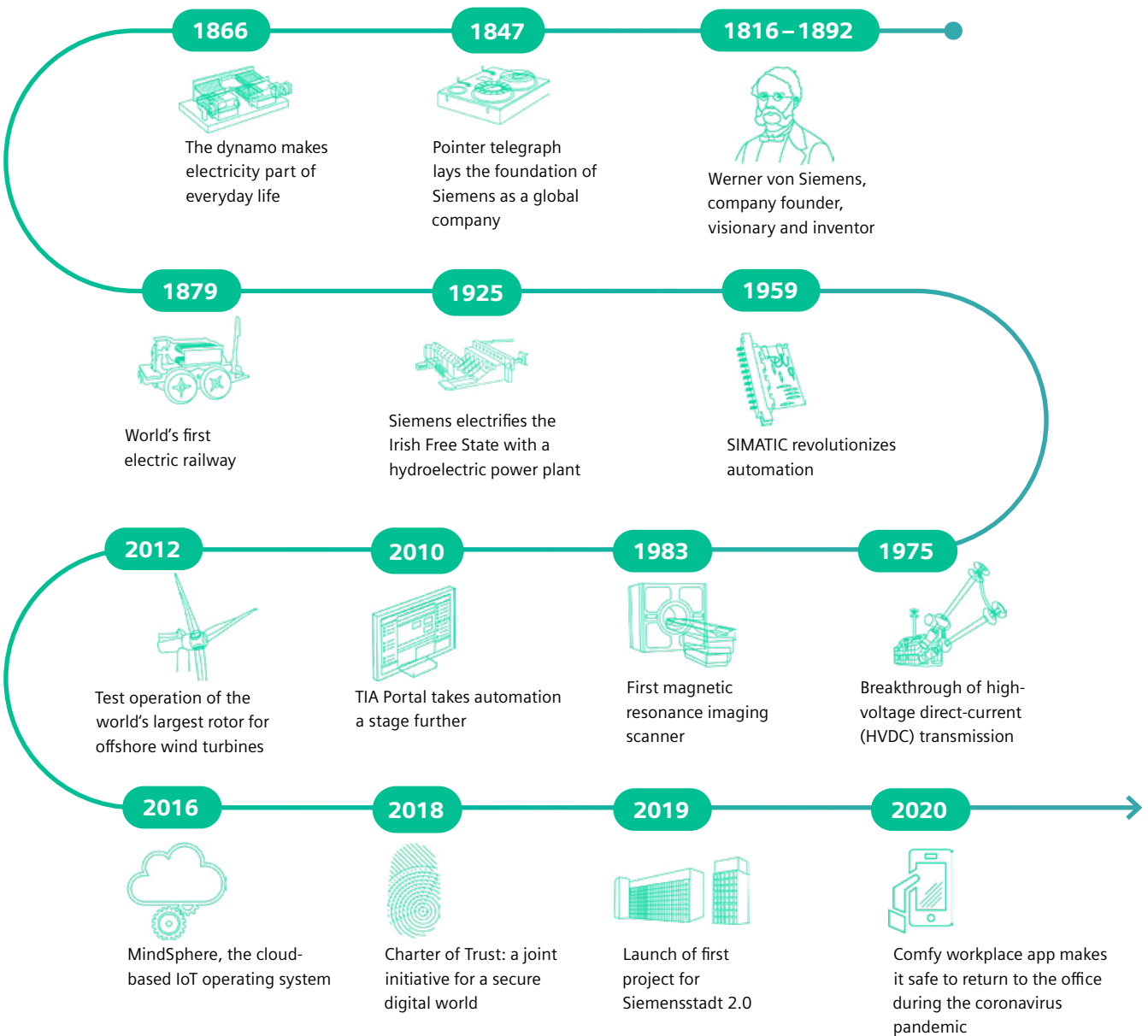
### Milestones of a 174-year history

Siemens is a technology company that operates in nearly all countries of the world. Ever since it was founded in 1847, it has stood for technical performance, innovation, quality, reliability, and internationality.

### Key figures<sup>1</sup>

In fiscal 2021, which ended on September 30, 2021, Siemens generated revenues of €62.3 billion and a profit after taxes of €6.7 billion. As of September 30, 2021, the company had around 303,000 employees worldwide.

#### Milestones in a 174-year history



<sup>1</sup> Including Varian.



1.3

# Strategy

- **Continuous improvement on the basis of four strategic priorities**
- **Sustainability is an integral part of our business: Our technologies and solutions support the transition toward a sustainable future**
- **Clear action fields and ambitions along our DEGREE framework**

With the spin-off of Siemens Energy on October 1, 2020 our company entered a new chapter. In this new phase as a focused technology company, Siemens is focusing on technologies that drive the

digital transformation of industry, smart infrastructure, and sustainable mobility. Under our strategy the core business units have more entrepreneurial freedom to focus on their own customers and markets. We maximize the benefits for customers by combining the real and digital worlds.

Siemens' unique ability to combine the real and digital worlds is based on three elements: Using its experts' profound domain knowhow, Siemens is developing digital applications for specific industries. In addition, Siemens is pooling expertise to drive the core technologies that are used across the company. And thanks to a strong ecosystem including custom-

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## Our four strategic priorities

**Value for our customers**  
We identify the needs of our customers as early as possible – ideally before our customers themselves are aware of them.

**Strengthening and empowering people**  
We strengthen our customers, partners, and employees so that they can make the most of their abilities.

**Growth mindset**  
We will continue to grow and learn – with curiosity, resilience, experimentation, and adaptability

**Technology with sense and purpose**  
Innovative technologies have been the beating heart of Siemens for more than 170 years – and will be in the future as well.

ers, partners and startups, Siemens brings customer-oriented innovations fast to market.

Digitalization, automation and sustainability are growth engines for our business. Here, our core business and our digital business reinforce each other in a virtuous cycle. This effect forms the foundation of our growth strategy for achieving more profitable growth. As a focused technology company, we want to strengthen our position in all our markets and enter adjacent profitable markets.

The company is rapidly driving its technology portfolio: software and automation solutions and an IoT platform, plus core technologies in areas such as artificial intelligence (AI), digital twins, 5G, industrial edge and cybersecurity. Since Siemens' core business and its digital business will increasingly reinforce each other in the future.

### Sustainability is an integral part of our business

Sustainability is an integral part of our business. With our technologies and solutions, we empower our customers to drive sustainable growth and transform industries toward a sustainable future. Our DEGREE framework outlines the relevant focus topics for Siemens. It contains six action fields, within which we have defined 14 ambitions. We continually develop these action fields in order to address central ESG aspects (E for Environment, S for Social, and G for Governance) from the perspective of all our stakeholders.

**“Sustainability is part of our DNA:  
It is not an option,  
it is a business imperative.”**

Judith Wiese, Chief People and Sustainability Officer,  
and member of the Managing Board of Siemens AG

### DEGREE: A clear framework for sustainability

The answers to the challenges of our time are vitally important for the quality of life for people living today and future generations. Every degree counts as we strive to responsibly fulfill the needs of a constantly evolving society. DEGREE underlines the necessity to limit global warming to 1.5 degrees Celsius.

That is why we are taking our sustainability approach to the next level with our DEGREE framework. It represents a 360-degree approach that includes all critical action fields for Siemens. With this approach, we address all our stakeholders: our customers, our investors, our people, the societies which we serve, and our planet:



**D for Decarbonization** – With our portfolio, we help our customers lower their emissions and thereby achieve their decarbonization goals. Besides aiming to make our own business operations climate-neutral by 2030, we also strive to lower all emissions associated with us – from our supply chain throughout the use phase of our products. With its commitment to the Science Based Targets initiative, Siemens supports the Paris Climate Agreement goal to limit global warming to 1.5 degrees Celsius.<sup>1</sup>

<sup>1</sup> Science Based Targets initiative including SHS.

**E for Ethics** – At Siemens, we pursue a zero-tolerance approach to corruption as well as other violations of applicable laws and our own Business Conduct Guidelines. Our values and ethical standards are embedded in our Business Conduct Guidelines, on which we will provide regular training to all our people. Our company is marked by a culture of trust. We co-founded the initiative “Charter of Trust” to protect data and promote cybersecurity in a trustworthy digital world.

**G for Governance** – It has been clearly shown that strong governance goes hand in hand with better, more sustainable business. Besides embedding these principles in our own management systems, we extend them to our suppliers, who are obliged to follow a comprehensive Code of Conduct. Furthermore, sustainability criteria are an integral element of our long-term variable compensation programs<sup>1</sup> for both the Managing Board and our senior management.

**R for Resource Efficiency** – We want to accelerate recycling and circular economy. Therefore, we have developed a new standard for the design of environmentally friendly products, which contains clear product design criteria and shall cover 100% of relevant product families. Our technology enables sustainable design approaches for products and solutions, both for our customers and ourselves. In addition, we promote decoupling from natural resources by increasingly purchasing secondary materials.<sup>2</sup> By 2025, we are aiming to reduce our landfill waste by 50% from the baseline year 2021.

**E for Equity** – Equality and respect are the core of our corporate values. Our goal is to be the employer of choice and to foster diversity, inclusion, and commu-

nity. Thereby, we aim to create a sense of belonging and a safe environment, where all our people can give their best. By 2025, we plan to have a 30% female share in our top management. Also, we want to maintain access to employee share plans at a high level and expand globally to 100%.<sup>3</sup> As one of the first major industrial players we have committed to a “new normal”<sup>4</sup> in which our people can work remotely for two to three days per week, fostering a culture of trust and empowerment.

**E for Employability** – In a constantly changing world, it is critically important that we as a company and as individuals remain resilient and relevant. At Siemens, we are constantly investing into development and education of our people. We strongly focus on digital learning, employee assistance program, and occupational health & safety. For example, we are aiming to reduce the injury rate by 30% until 2025, compared to the baseline year 2020.<sup>5</sup>

**➤ ADDITIONAL INFORMATION**

The DEGREE framework applies to Siemens AG except Siemens Healthineers, which is an independently stock-listed company. Under the Siemens brand, we are closely connected to Siemens Healthineers via shared values, including sustainability in all its dimensions. These values contain the central ESG aspects (E for Environment, S for Social, G for Governance) from the perspective of all our stakeholders – the foundation of DEGREE framework. In its sustainability concept, Siemens Healthineers pursues the same values, which represent our expectations as majority shareholder. The specific Siemens Healthineers sustainability approach is described in a dedicated report.

<sup>1</sup> Assessed based on Siemens-internal ESG/Sustainability index, based on Customer Net Promoter Score, CO<sub>2</sub> Reduction, Training Hours.  
<sup>2</sup> Product specification for use of secondary materials under development.

<sup>3</sup> Where legally possible and reasonable.  
<sup>4</sup> For employees with job profiles that make this feasible and reasonable.  
<sup>5</sup> LTIFR: Lost Time Injury Frequency Rate (of Siemens employees and temporary workers).

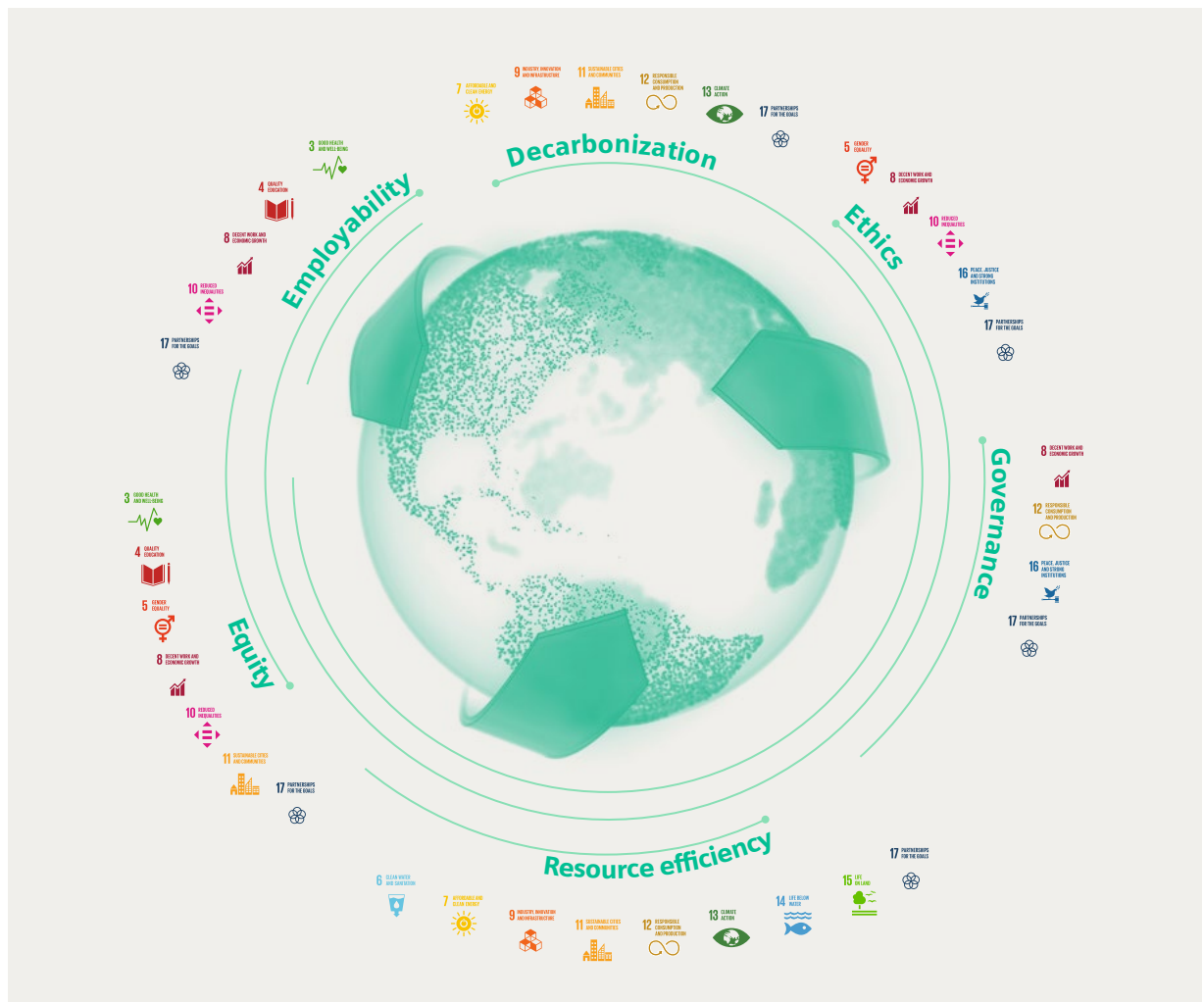
1.4

# Our contribution to sustainable development of societies

- **Effective influence in achieving UN's Sustainable Development Goals (SDGs)**
- **Our contribution is measured with Business to Society (B2S) methodology, using six globally valid areas of impact**
- **SDGs included in our DEGREE sustainability framework**

The United Nations' 17 Sustainable Development Goals (SDGs) and their 169 targets serve as a compass for the joint efforts for change that must be made by governments, businesses, cities, and civil society as a whole if we are to achieve a more sustainable future. The SDGs and their related targets address the most important economic, social, environmental, and

Allocation of the SDG goals to Siemens sustainability framework DEGREE



governance-related challenges of our times, and thus help stimulate transformational change. Adopted as values, the SDGs also influence Siemens as a company. They are firmly associated with our new DEGREE sustainability framework, which serves in-house to guide our sustainability management, and also lays down the details of our ambitions for sustainability. The SDGs are reflected as well in our Business to Society (B2S) methodology, which exemplifies Siemens' global effect on the outside world, and how we generate value for all our stakeholders.

The long-term priorities for Siemens as part of our sustainable development agenda are clear: We want to apply our engineering expertise and our approach to connect the real and digital worlds, improve people's quality of life, and protect the planet. This is especially supported by our corporate purpose of "Technology to Transform the Everyday." The UN's 17 SDGs have thus become fixtures of our everyday business. Siemens deploys its technology portfolio to support the public and private sectors in the digital transformation of industry, building and network infrastructures, mobility, and healthcare, and thus can tap extensive business opportunities for value-enhancing growth. At the same time, we offer cost-effective, innovative solutions for the transition

to carbon neutrality. These technologies support customers in achieving their objectives while consuming fewer resources. To varying extents, Siemens helps achieve most of the SDGs in the UN's Agenda 2030 in four important ways:

- through our products and solutions,
- by doing business responsibly,
- through our expertise and thought leadership, and
- through our corporate citizenship activities and community engagement.

### How we contribute to achieving the SDGs

From a global standpoint, these are the SDGs where Siemens has a high or medium impact:



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

We make a significant impact on SDG 3 through our business portfolio, especially through Siemens Healthineers and the production technology we provide to pharmaceutical companies. In addition to the impact of our portfolio, we also care about the health and safety of our people and contract workers. Separately from Siemens Healthineers, Siemens sets ambitious goals for access to Employee Assistance Programs, and for reducing employee accident rates (Lost Time Injury Frequency Rate – LTIFR). And we participate in health-related community engagement activities, such as cancer awareness campaigns and mobile clinics.



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

Lifelong learning is a basic prerequisite if we are to ensure employability for our people and in the job market in general. We offer access to education in multiple ways, including learning and education opportunities for all our people, as well as vocational and more advanced training through partnerships with schools and universities. Education for customers and suppliers is likewise high on our agenda. We also aim to inspire young people to pursue careers in STEM fields (science, technology, engineering and mathematics) through numerous corporate citizenship activities around the world.



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

We firmly believe that promoting diversity in the workforce serves the interests of both society and Siemens itself. Diversity reinforces our innovative strength, unleashes employee potential, and directly contributes to our business success. Through our human resources management, we are also supporting a transformation in top management, where there is room for improvement. Here we are recruiting more women for top managerial positions, and including more women in networking activities, trainings, and mentoring programs. Excluding Siemens Healthineers, Siemens aims to have globally 30% of its top management positions filled by women by 2025.



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

Our business portfolio covers the entire spectrum of applications for modern smart grids and energy distribution systems. The rapid expansion of decentralized energy structures powered by Siemens technology creates a more diverse energy mix and improves the security of energy supplies. The Internet of Energy and data-based technologies foster energy intelligence and lead the way toward a sustainable energy landscape. Our technologies facilitate access to clean, reliable, low-carbon energy.



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

Siemens is committed globally to the New Normal Working Model. Our aim amid this new normal is for all our people around the world to be able to work on a mobile basis two to three days a week, wherever feasible and reasonable. Mobile working has many advantages – for the individual, but also for the company, for instance by ensuring that we are prepared to respond flexibly in future crises. Our worldwide business operations and our position as a thought leader mean that in many countries we contribute toward the growth of gross domestic product (GDP). We are committed to offering attractive jobs and facilitating employment, and we are encouraging the uncoupling of economic growth from energy consumption.



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

As a global technology company and innovation leader in electrification, automation, and digitalization, Siemens supports sustainable industrialization. With our engineering and our knowledge of numerous sectors and digital technology, we help our business partners across the entire value chain, from design to production, and from operations to maintenance. We believe in international partnerships as key to innovations. A large percentage of our customers and suppliers are small and medium-sized enterprises (SMEs). We have officially adopted sustainability as an additional strategic imperative for our investment decisions.



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

Siemens is a trusted partner for municipal governments, offering solutions across all infrastructure domains to make cities more efficient, sustainable, and resilient – for instance, with intelligent transportation solutions, efficient and safe buildings, and smart-city initiatives leveraging the power of digitalization.



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

Siemens is committed to using resources responsibly and recognizes that the circular economy offers highly beneficial opportunities for business, the environment, and society. So by the end of this decade we want to evolve even further toward the circular economy, for example by increasing the percentages of metals and plastics we procure as secondary materials. We also aim to reduce our amount of landfill waste. Siemens has worldwide strategic initiatives for the design phase and end of life-cycle for its products and operations, and is committed to robust, ecologically friendly design. We apply disruptive technologies and innovative business models to make an active contribution to the circular economy.



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

Siemens was one of the world’s first industrial firms to commit to making its own business activities carbon-neutral by 2030. By 2020 we had halved our own operations’ carbon footprint from the 2014 figure, and thus met our intermediate target. The company is now stepping up its existing activities for physical decarbonization all along the value chain. Siemens, excluding Healthineers, has committed to reducing emissions in its supply chain by 20 percent from the 2020 level by 2030, and is aiming to have a carbon-neutral supply chain by 2050. Our targets have been chosen on the basis of the reduction track of the Science Based Targets initiative. This ensures that our efforts are consistent with the levels aimed for by the Paris Climate Accords. Our technologies help customers in a vast range of industries to improve their energy efficiency permanently, with a positive business scenario, and to reduce CO<sub>2</sub> emissions.



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

We anchor integrity and compliance throughout our company and advance the Siemens Integrity Initiative with external stakeholders. By these means and through our activities with other players, we support fair competition and ensure our company’s long-term success. Siemens is committed to incorporating the

requirements of the United Nations Global Compact (UNGC), the Human Rights Declaration, and all other relevant regulations into our supply chain and to promoting their principles through our work with external organizations and institutions.



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



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



### Business to Society – measuring our social impact

We measure our impact on sustainable development with our Business to Society (B2S) methodology. This approach is based on the Measuring Impact Framework published by the World Business Council for Sustainable Development (WBCSD) and allows us to measure in quantitative terms the social impact of our activities in six different action zones: advancing the economy, promoting skills and jobs, driving innovation, protecting the environment, improving quality of life, and shaping social change. Not only that, it also gives us an objective assessment of the effects (impacts) of our projects, locations, and business, including activities in different countries and their societies. The B2S approach was launched as a pilot project in fiscal 2015. By the end of fiscal 2021, more than 35 countries had completed their analyses. The approach has four steps:

1. Analyze the most relevant development priorities in a given context (such as global, national, project);
2. Identify and measure our contribution to these priorities;
3. Define strategic actions to enhance our contribution and help shape further development;
4. Be transparent about our contributions by keeping external and internal stakeholders informed.

Customers and governments thus get useful information, for example in the course of large infrastructure projects. Employee feedback on social media posts indicates that our contribution to societies makes our people proud to work for Siemens. Transparently contributing to society thus provides tangible business value to Siemens. We will continue to apply the methodology within customer projects and bidding procedures. Both in-house and for the general public, we will keep up communicating our impact on sustainable development and the value it brings for all stakeholders.

# Our key areas of impact

Creating value for our stakeholders in fiscal 2021: selected highlights of Siemens' (including SHS) global impact through its six Business to Society action pillars. This approach considers Siemens including SHS and differs from our DEGREE framework. Further information on how the data was gathered can be found in the [REPORTING METHOD SECTION](#)

## Strengthening the economy

7 8 9 17

### Economic value:

Generated €281 billion of gross value added,<sup>1</sup> € 62.3 billion in revenue; operating in around 200 countries

### Financing:

**Siemens Financial Services** – With more than 2,900 Siemens Financial Services experts, Siemens Financial Services helps to enable projects mainly in the area of infrastructure and technology for approximately 285,000 customers around the world through financing solutions totaling € 30.4 billion

## Building skills

4 8 17

### Global employment:

Siemens opened up possibilities for 5 million jobs, 2.6 million of them in developing and emerging economies; 303,000<sup>2</sup> Siemens employees; around 34,400<sup>2</sup> new hires

### Professional education and lifelong learning:

Around 6,700 apprentices and students in dual study programs worldwide, € 318 million invested in vocational education and training, € 165 million of that in employee training. This equated to an average of € 573 and 22 hours per employee.

### Attractive jobs:

More than 100,000 Siemens employees excluding SHS took part in the Siemens employee share program in 2021; as shareholders, they are also co-owners. Personnel expenses for wages and salaries: € 20.1 billion; pension contributions of approximately € 4.0 billion<sup>3</sup>

### Diversity:

26.7% of the Siemens workforce is women; 19.6% of management positions are held by women; 167 nationalities; the Ability@Siemens initiative promotes a culture of integration for about 5,000 persons with disabilities

## Driving innovation

9 17

### Research and development:

€ 4.9 billion spent on research and development (R&D), 44,900 R&D employees, R&D intensity 7.8%, 43,400 patents granted

### Setting up innovation networks:

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

### Digital transformation:

**Digital Industries** – Digital solutions boost cost-effectiveness and productivity among our customers; for instance, simulation software saves billions of miles of road testing in the development of autonomous vehicles. Charter of Trust – joint initiative between Siemens and companies all over the world to create a more secure digital world

### University partnerships:

Siemens works closely with the research excellence in international ecosystems

<sup>1</sup> Fiscal 2019.

<sup>2</sup> Including Varian.

<sup>3</sup> Contributions to defined benefit plans, defined contribution plans, and state plans. Figures comprises the total of all continuing and discontinuing operations.

## Protecting the environment



### Decarbonizing society:

88 Mt greenhouse gas reduction through Environmental Portfolio products in operation by our customers

### Efficiency in consumption:

**Smart Infrastructure** – Guaranteed reduction of € 4.0 billion (1995–2044) in utility costs for our customers. To date, that guarantee has already been surpassed by 20 %

### Carbon footprint:

–36% Scope 1 and Scope 2 emissions since FY 2019 according to our SBTI<sup>1</sup>-based reduction path, 78% of total energy consumption is green electricity

### Circular economy:

92% of total waste is recycled or recovered; With our digital marketplace “SiEasy”, we enable idle equipment, machines, furniture and materials to continue to be used within Siemens. In this way, we extend the service life time of our used equipment and avoid additional resource extraction from nature

## Improving quality of life



### Health:

**Siemens Healthineers** – 174 million patient touchpoints provide access to healthcare in underserved countries; 64 AI-supported products help improve clinical decision-making

### Mobility:

**Siemens Mobility** – Providing mobility solutions that enable safe, reliable, clean, affordable public transportation to carry people sustainably, door to door

### Security:

**Smart Infrastructure** – Security solutions protect people and materials, enhance operating efficiency, safeguard business operations, and ensure compliance

### Occupational health and safety:

New corporate program “Healthy and Safe @ Siemens” launched; reduction of the LTIFR: Lost Time Injury Frequency Rate for Siemens employees and temporary workers by 8% compared to the previous year; acting quickly, effectively and adapted to the respective local situation during the COVID-19 pandemic in order to ensure the health and safety of our people

Global commitment to the **New Normal Working Model**<sup>2</sup>

## Shaping a changing society



### Supply chain management:

Clear commitment from around 63,000 suppliers to the Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries, 394 external sustainability audits performed

### Integrity:

Some U.S.\$ 120 million in funding provided for 85 projects as part of the Siemens Integrity Initiative to combat corruption and fraud in more than 50 countries; around 72,000 employees have already completed global online training course in the Business Conduct Guidelines

### Human rights:

Comprehensive due diligence process regarding environmental and social risks implemented

### Social responsibility:

€ 40.6 million in community investment

### Siemens Stiftung:

The charitable foundation, established in 2008, promotes with its international project work access to basic services, high quality education and an understanding of culture. With a network of over 100 cooperation partners the foundation develops solution approaches and programs with a focus on technological and social innovations

<sup>1</sup> Science Based Target Initiative; base year 2019.

<sup>2</sup> For employees with job profiles that make this feasible and reasonable.

1.6

# Customers



– “Customer impact” guides our actions

– **Key Account Management: A holistic approach to the customer**



– **Regular measurement of customer satisfaction**



Putting customers first has a long tradition at Siemens.

When it comes to technology, innovation, and sustainability, our customers are always at the heart of what we think and do: Everything begins with them.<sup>1</sup>



That’s why we’ve made customer benefit a strategic priority. We listen so we can understand our customers’ needs as early as possible – best of all, even before our customers themselves become aware of them.



## Focus on customer impact



What do our customers want? How can we be sure to help them stay relevant, even during phases when markets are constantly shifting, and our customers themselves are undergoing transformations?

Our approach must continuously adapt to a world of ever-accelerating change:

- Growth markets can be volatile.
- Innovation and development cycles have shortened drastically.
- As barriers to market entry are lowered, nimble new competitors are entering the scene.
- Digitalization can be disruptive, but it also offers new business opportunities.

<sup>1</sup> We call any current or potential purchaser of Siemens products or services, no matter what the sales channel, a “customer.” Some customers who are especially significant for Siemens are called Key Customers.

- On top of that, digitalization has ushered in sweeping operational changes – including lean management and agile software development, to name just two examples.
- Data-driven business models and technology-based services are booming.

As these changes advance, our customers’ needs are also changing. So as a company, we must adjust as well, and listen carefully to our customers so we can provide them with the best possible help in adapting to change.

Our customers are among our most important stakeholders, along with our suppliers, partners, investors, and our people. We engage in critical dialog and engage with them, answer their questions, and encourage discussion. This helps us better understand our stakeholders’ expectations and take the right steps to strengthen our partnerships while maintaining and enhancing trust.

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

Our regional teams can also call upon our global network of partners, which includes consultants, distributors, integrators, technical procurement experts, construction companies, machine builders, and more.



**Technology with a goal and purpose:  
We help customers improve their  
sustainable performance**

Through our portfolio – which primarily covers automation and digitalization in the process and manufacturing industries, as well as intelligent infrastructure for buildings and energy systems, mobility solutions for rail and road transport, and medical technology for the healthcare sector – we have an impact on the fulfillment of numerous sustainable development goals (SDGs).

We intend to help our customers refocus on sustainable solutions and transform potential risks into competitive advantages with our technology and innovation. Siemens has a unique store of expertise for managing this transition so as to make sustainability into a growth engine, transform supply chains, and protect our people.

**New solutions for the digital world**

The digital transformation is also changing all areas of life: how we stay informed, how we travel, how we shop – and how we manufacture products. And it's also changing business models.

The speed of innovation and the ability to disrupt are becoming key success factors in global competition. This increases the pressure in all industries – and at the same time, it creates new business opportunities, but is also characterized by an increasing complexity and uncertainty for our customers, suppliers, and partners.

Questions such as “How to create business value from digital technologies?” or “Will new digital players attack my core business and with whom to partner?” play an important role.

Increasingly complex solutions driven by digitalization, along with new and changing business models and holistic strategies for sales ecosystems, require robust selling skills and a strongly value-oriented customer approach.

To address these challenges, at Siemens we rely on a mature and structured Key Account Management approach.



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

Key Account Management is the company-wide program that structures and drives systematic business relationships with Key Customers. While all our customers are served by the general Sales organization, Key Customers are attended to also in our Key Account Management approach.

As part of our ESG assessment, we're preparing to include a regular risk assessment of environmental and social risks for our key accounts. Following a pilot run and full implementation, we'll discuss this in more detail in our next report.

**Siemens Vertical Markets**

The main principle for successful Key Account Management is – beyond the basic sales approach – a special understanding of our customers' vertical markets along with the collaboration among all customer-facing parties – across functional, organizational, and regional boundaries (“Go-to-market” approach).

Such a holistic view makes it easier to develop suitable sales strategies that consider individual business factors, opportunities, vulnerabilities, and the entire ecosystem in the respective industries.

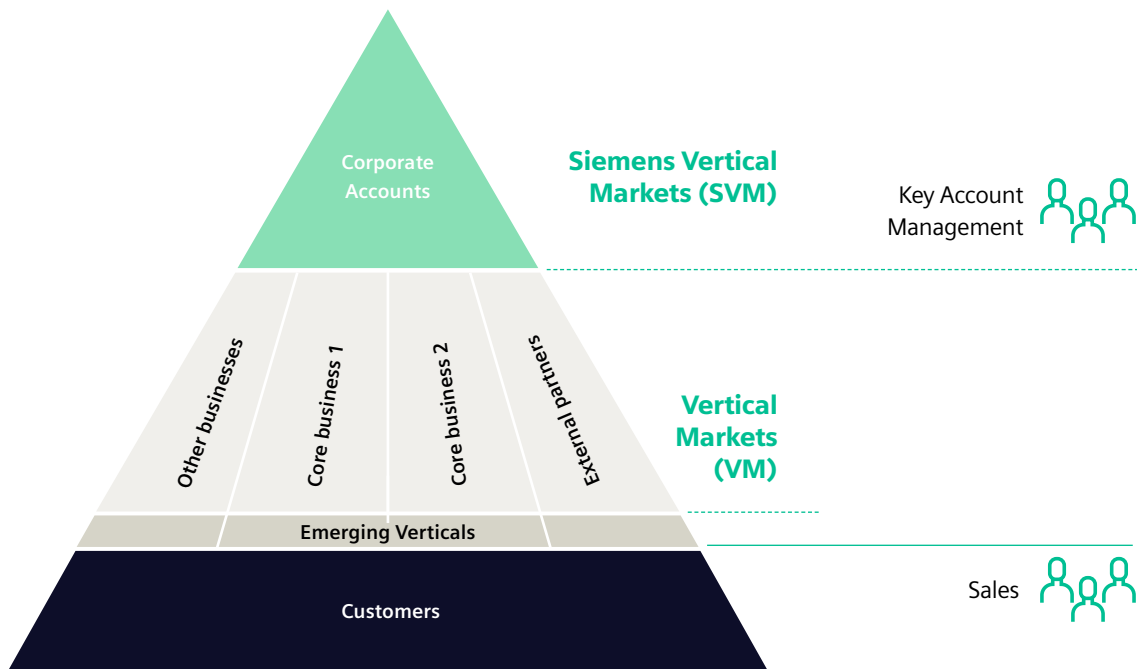
Siemens has therefore structured Key Account Management according to vertical markets (Siemens Vertical Markets/SVMs and Vertical Markets/VMs) which, through company-wide cooperation, provide our Key Customers with a comprehensive range of products, solutions, and services across all business areas. In the SVMs, several Siemens businesses work together to serve each market on a cross-business basis. In the VMs, markets are served by a single Siemens business.

Thanks to harmonized processes, Key Account Management helps us act as ONE company and serve our customers in a global, sustainably coordinated approach.

In the Vertical Market approach, Key Account Managers operate as the interface between our Key Customers and Siemens. They have a deep understanding of the challenges involved, so they can generate profitable growth with solutions that successfully meet those challenges.

Our Key Account Management approach, which we apply worldwide, enables our Sales and Key Account Management representatives to adequately map and address all relevant customer needs and requirements.

Siemens Vertical Market Management



### Systematically measuring and improving customer satisfaction

What is more, we regularly measure customer satisfaction – and, by extension, the quality of our partnerships – using the Net Promoter Score (NPS). The management compensation integrates long-term performance bonuses based on ESG criteria and is anchored in the DEGREE framework under Governance. The assessment is based on the Siemens internal ESG-/sustainability index, which comprises the elements of customer satisfaction (Net Promoter Score), CO<sub>2</sub> reduction, and training hours.

#### ➤ SUSTAINABILITY GOVERNANCE AND ORGANIZATION

This systematic evaluation is based on comprehensive annual customer satisfaction surveys. The score itself is based on a single question: “How likely is it that you would recommend Siemens to a colleague or business partner?”

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

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

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



**Our customers' satisfaction is our top priority**

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

Smooth service, support, and proximity to our customers have always been our top priorities, even during the COVID-19 pandemic.

Siemens measures customer satisfaction annually. This year's continuing increase in the Net Promoter Score motivates us even more to keep meeting our customers' high expectations and demanding needs – especially in today's difficult environment.

1.7

# Research and development



- Innovation that benefits people everywhere
- Focus on core technology and innovation fields
- Collaboration with partners as enabler

Our purpose is to provide innovations that improve the quality of life and benefit people all over the world, thus contributing to various SDGs and the implementation of the portfolio-related action areas Decarbonization and Resource Efficiency in our DEGREE framework and verifying both the range and the extensive benefits of our products and applications.

## Innovation strengthens Siemens and its customers

Our research and development (R&D) activities are geared toward developing innovative, sustainable solutions for our customers and for Siemens businesses and toward simultaneously safeguarding our competitiveness. Our broad technology portfolio supports both public- and private-sector entities with innovative solutions and business models in the transition to a carbon-neutral future. We focus on core technologies and innovation fields – **Company Core Technologies (CCT)** – that play an essential role in the success of Siemens and its customers. The joint implementation of our CCTs by the company’s operating units and unit Technology ensures that research activities and business strategies are carefully aligned and that all units can profit equally and quickly from technological developments. In fiscal 2021, the company focused on the following CCTs:

- **Decentralized energy systems** intelligently link local energy production with consumers and intermediate storage systems as the proportion of electricity generated by renewable sources grows. Predictive and optimization tools improve grid flexibility, creating emission-free buildings and smart charging infrastructures to provide a future-oriented path to more stable, lower-priced and carbon-free power supplies.
- The availability of large, economical **energy storage systems** is essential for the success of the energy transition. Developed by Siemens, these storage systems enable innovative forms of transport such as battery- and hydrogen-powered trains and ships
- **Power electronics** for inverters has always played a major role in industry. As the amount of electricity generated by renewable energy sources grows, power grids will also depend on advances in power electronics to facilitate stable operation.
- Future **mobility systems** will increasingly be electrified and interconnected. Therefore, we are working to develop a national charging infrastructure for cars and trucks, fleet management systems, and the digitally supported integration and management of multimodal transportation systems.
- **Blockchain technology** enables transactions between equal partners to be documented in a tamper-proof and transparent manner in order to allow peer-to-peer energy trading and ensure a transparent carbon footprint in multi-company supply chains.




- Generators, switchgear, and other equipment will profit from **innovative materials** that can, for example, boost the efficiency of power generation and enable the lightweight design of railway vehicles.
- **Additive manufacturing processes** facilitate the flexible production of components that have completely new topologies and are important innovation drivers. Siemens, which benefits as a user of this technology, is also involved in developing a digital tool chain that will support the design and subsequent printing of components – “error-free and from one cast.”
- We are shaping the future of **automation**. Our goal is to cut engineering expenses, increase flexibility – through the integration of autonomous manufacturing machines, for instance – and improve our customers’ productivity, while reducing energy consumption. Advanced robotics plays a key role here, particularly in the area of manufacturing.
- The **Industrial Internet of Things (IIoT)** is the result of the increasing **networking of field devices**. The IIoT enables field devices to be equipped with additional software-based functions during ongoing operations and makes it possible for the data produced by these devices to be evaluated in the field or in the cloud. It facilitates the development of new operating and business models in areas such as predictive remote maintenance and optimized energy use. Our MindSphere solution offers an open, cloud-based operating system for the IIoT.
- Industrial facilities and infrastructures are generating ever-growing amounts of data. With the help of machine-based data analysis and **artificial intelligence (AI)**, we help plant operators to increase availability, improve operational quality, and minimize the stress placed on humans and the environment. AI also provides assistance in clinical processes, since state-of-the-art diagnostic procedures are generating larger and larger volumes of data. Here, AI enables improved decision-making thanks to data analysis, thus increasing our customers’ productivity.
- In the area of **medical technology, sensor systems and robotics** represent two further focal points for research, on the basis of which increasingly complex applications can be automated. These technologies enable complex medical systems to function even in remote areas and less-developed regions, while simultaneously improving the systems’ efficiency. They also bring healthcare closer to people, make high-quality healthcare available everywhere and reduce both the frequency and cost of medical complications.
- **Digital twins** involve the modeling and simulation of systems and processes, including the development and manufacturing of products. Digital twins make it easier to accelerate the commissioning of manufacturing plants, improve time to market and optimize the operation of infrastructures throughout their life-cycles.
- **Industrial cybersecurity** is a key technology for digitalization. The security of industrial facilities and the protection of data and intellectual property are important requirements not only for customers, but also for governments and societies, which demand that these requirements are to be fulfilled.
- Complex, highly distributed industrial software systems that integrate the software of different providers can be developed only by using new **methods and processes in software system development**.












1.7 Research and development

After four years, the CCT portfolio was revised on October 1, 2021, in order to better support the new Siemens strategy and accommodate changed market demands, while continuing to contribute to the success of Siemens and its customers through the provision of Technology with Purpose. These changes include among others the expansion and renaming of the CCT Decentralized Energy Systems to "Sustainable Energy & Infrastructure."

This CCT will now include R&D activities in the areas of life-cycle optimization (design tools, digital twins, algorithm optimization) and decarbonization (tools for the sustainability transformation and the green factory, carbon footprint transparency and optimization). The newly created CCT "Integrated Circuits & Electronics" bundles R&D activities in fields such as optimized design and resource-efficient manufacturing, the testing and operation of industrial electronics and the recycling of electronics-based products.

We use our core technologies in all businesses – for the long-term success for Siemens and its customers

 Company Core Technologies

|   |  |  |   |
|---|--|--|---|
| <br>Data Analytics & AI | <br>Connectivity & Edge    | <br>Simulation & Digital Twins           | <br>Software Systems & Processes        |
| <br>Automation         | <br>Cybersecurity & Trust | <br>Sustainable Energy & Infrastructure | <br>Additive Manufacturing & Materials |
| <br>Power Electronics  | <br>User Experience       | <br>Integrated Circuits & Electronics   |   |

### Continued high investment in R&D<sup>1</sup>

In fiscal 2021, we reported R&D expenditure of €4.9 billion, compared to €4.6 billion in fiscal 2020. The resulting R&D intensity, defined as the ratio of R&D expenditure to revenue, was 7.8%, compared to 8.3% in fiscal 2020. Additions to capitalized development expenses amounted to €0.3 billion, compared to €0.4 billion in the previous year. As of September 30, 2021, Siemens held approximately 43,400 granted patents worldwide in its continuing operations and had an average of 42,500 R&D employees, compared to 40,900 patents and 40,800 R&D employees in fiscal 2020.



We are further developing technologies on the basis of our open innovation concept. In 2021, an external platform was added to the originally in-house platform of the Siemens Innovation Ecosystem (SIE). This platform enables many in-house and external teams to work together with partners, customers, suppliers, universities, and other experts in a global network of knowledge and inspiration. July 2021, for example, saw the start of the Tech for Sustainability campaign, in which research into new technologies for a more sustainable future is broken down into fields of application. The SIE is currently used by more than 30,000 registered users.

<sup>1</sup> FY 2021 figures inclusive Varian.

We are also working closely with scientists from leading universities and research institutions, not only under bilateral research cooperation agreements, but also in publicly funded collective research projects. Our focus here is on our strategic research partners, especially the eight Centers of Knowledge Interchange (CKIs) we maintain at leading universities worldwide. With the Siemens Research and Innovation Ecosystem (RIE), newly launched on 1 October, 2021, Siemens wants to address the challenges of today with technologies of the future in a collaborative manner.

Aligned with the Siemens technology portfolio, we work closely with the research excellence in these dedicated ecosystems and focus on broader regional opportunities.

Siemens' global venture unit, Next47, provides capital to help start-ups expand and scale. It serves as the creator of next-generation business for Siemens by building up, acquiring, or partnering with start-ups at any stage in their development. Next47 focuses on anticipating how technologies will impact our markets. This knowledge is enabling Siemens and Siemens' customers to grow and thrive in the age of digitalization.

[➤ ANNUAL FINANCIAL REPORT 2021 COMBINED MANAGEMENT REPORT 4.3 RESEARCH AND DEVELOPMENT](#)

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# Our sustainability management



## 2.1

# Materiality assessment

- **Materiality assessment updated on the basis of external frameworks and dialog with stakeholders**
- **Material sustainability topics identified and grouped with an emphasis on shared values and responsibility**
- **Material sustainability topics applied as guiding principles for the DEGREE framework**

## Key topics as guiding principles

Our materiality assessment is based on external frameworks such as the UN Global Compact and the Standards of the Global Reporting Initiative (GRI), which form the basis for our reporting. The key topics in our report are structured on the basis of ESG issues (ESG = Environment, Social, Governance). Moreover, the ongoing dialog with external and internal stakeholders plays a key role in the materiality process. These stakeholders particularly include investors, customers, suppliers, our people, communities, policymakers, media, nongovernmental organizations, business associations, and academic institutions.

## Updating of the materiality assessment

We updated our materiality assessment with an emphasis on Smart Infrastructure, Digital Industries, and Mobility in fiscal 2021. The resulting topics largely match the material topics of Siemens Healthineers, which were determined as part of an independent materiality assessment. The goal was to identify the key economic, ecological, and social topics for Siemens in accordance with the GRI Standards. To this end, we consulted relevant stakeholders and viewed the impact from an inside-out perspective. We also considered the outside-in impact (double materiality). With the aid of the

materiality assessment, we were able to prioritize the relevant sustainability topics, which were discussed with and confirmed by our Siemens Sustainability Board. The material topics form the framework for the implementation and accelerated advancement of sustainability within the company – at the central corporate level, in our business units, and in the countries where we operate. Our DEGREE framework is the visible outcome of this work. Siemens strives to continuously improve sustainability management and understands the materiality assessment to be a prerequisite for process management in order to identify and manage potential opportunities and risks. The Siemens business units derive their key action areas from the DEGREE framework with due regard to the requirements and basic conditions of their local markets.

## Identification and prioritization of topics

Material topics are selected on a step-by-step basis. The list of potentially relevant sustainability topics (approx. 100) was based on extensive research of ratings, rankings, and peers. The subsequent short-listing was conducted in workshops. Afterward, three perspectives were evaluated in expert workshops and in interviews with internal and external stakeholders.

### → Stakeholder perspective:

This perspective refers to sustainability topics that are deemed to be material by external stakeholders such as customers, investors, suppliers, government officials, and NGOs, as well as internal stakeholders (**stakeholder relevance**). The most material topics from the perspective of our stakeholders are sustainable product design and life-cycle management and climate protection, and therefore also social and ecological standards

in the supply chain, as well as corporate governance and sustainability leadership.

### → **Inside-out perspective:**

This perspective refers to sustainability topics that can be positively or negatively influenced by the company's business activities, business relationships, and products and services (**sustainability relevance**). The most material topics in which Siemens can exert the greatest influence on society and the environment are social and ecological standards in the supply chain, climate protection, and sustainable product design and lifecycle management.

### → **Outside-in perspective:**

This perspective refers to sustainability topics that can be associated with opportunities and risks of the company's business activities or financial situation (**business criticality**). The most material sustainability topics from the perspective of the influence on our business activities and the generation of lasting value are climate protection, sustainable product design and life-cycle management, and social and ecological standards in the supply chain.

As the result of our materiality assessment, we have identified 15 material sustainability topics of greatest relevance to our stakeholder groups and of greatest importance for their sustainability impact and impact on Siemens. We plan to conduct the materiality assessment at least every five years.

## Shared-value and responsibility topics

The material sustainability topics were then grouped in accordance with the shared-value and responsibility approach.

**Shared values** are associated with social progress and business value. Companies need to make a positive contribution to society in order to maintain their "social license to operate." Shared-value topics are those for which we want to create added value through our activities, products, and services; our role as thought leaders; and our corporate citizenship activities; and by meeting key systemic challenges to the benefit of society. At the same time, we strive to seize business opportunities for Siemens.

**Responsibility** refers to material topics for which we bear the responsibility to prevent material negative impacts on people, society, or the environment in our business activities. Such impacts could also present a potential financial or reputation risk for our business activities.

Our material sustainability topics are clearly linked to the Sustainability Development Goals (SDGs), our four strategic priorities and our DEGREE framework.

### ➤ **STRATEGY**

The linkage of the material sustainability topics to the GRI can be found here: ➤ **ANNEX GRI INDEX**

Material sustainability topics are clearly linked to the Sustainability Development Goals (SDGs) and our four strategic priorities and served as basis for our DEGREE framework. [➔ STRATEGY](#)

|                | Sustainability topics  | SDGs                 | Strategic priorities | DEGREE                                   |
|----------------|--|----------------------|----------------------|--|
| Shared Values  | Climate protection <sup>1</sup>  | 7 9 11 12 13         |                      | D ECARBONIZATION                         |
|                | Sustainable product design and life-cycle management <sup>1</sup>              | 6 7 9 11 12 13 14 15 |                      | R ESOURCE EFFICIENCY                     |
|                | Innovation and business model <sup>2</sup>                                     | 6 7 9 11 12 13 14 15 |                      | D ECARBONIZATION<br>R ESOURCE EFFICIENCY |
|                | Partner management and collaboration <sup>2</sup>                              | 7 8 9 11 12 13 16 17 |                      | D ECARBONIZATION<br>G OVERNANCE          |
|                | Responsible governance <sup>2</sup>  | 8 12 16 17           |                      | G OVERNANCE                              |
|                | Future of work <sup>2</sup>  | 3 4 5 8 10 11        |                      | E QUITY<br>E MPLOYABILITY                |
|                | Sustainable handling of natural resources and material efficiency <sup>2</sup> | 6 7 9 11 12 13 14 15 |                      | R ESOURCE EFFICIENCY                     |
|                | Social and ecological standards in the supply chain <sup>1</sup>               | 8 12 16 17           |                      | G OVERNANCE                              |
|                | Cybersecurity and data management <sup>2</sup>                                 | 5 8 10 16 17         |                      | E THICS                                  |
|                | Employee health and safety <sup>2</sup>  | 3 4 8 10             |                      | E MPLOYABILITY                           |
| Responsibility | Diversity, equity & inclusion <sup>2</sup>                                     | 3 4 5 8 10 11        |                      | E QUITY                                  |
|                | Customer safety and product quality <sup>2</sup>                               | 8 12 16 17           |                      | G OVERNANCE                              |
|                | Corporate governance and sustainability leadership <sup>2</sup>                | 8 12 16 17           |                      | G OVERNANCE                              |
|                | ESG risk management <sup>2</sup>   | 5 8 10 12 16 17      |                      | G OVERNANCE<br>E THICS                   |
|                | Compliance management <sup>2</sup>   | 5 8 10 12 16 17      |                      | G OVERNANCE<br>E THICS                   |

<sup>1</sup> Top 3 material sustainability topics.  
<sup>2</sup> 12 additional material sustainability topics.

Result of the assessment of organizational impacts (inside-out, i.e., on the environment and society), stakeholder relevance and business criticality (outside-in)

TECHNOLOGY WITH PURPOSE      CUSTOMER VALUE  
 STRENGTHENING AND EMPOWERING PEOPLE      GROWTH MINDSET

DEFINITION OF THE MATERIAL TOPICS – BUNDLED ACCORDING TO SHARED VALUE AND RESPONSIBILITY

2.2

## Sustainability governance and organization

- **The Sustainability Board is the central steering committee for the ongoing strategic development of sustainability**
- **Business and country CEOs are responsible for implementing sustainability policies**
- **ESG criteria are included in the compensation system for members of the Managing Board and senior managers**

Sustainability management is a company-wide effort that derives from our corporate purpose. It is at the heart of everything we do. Sustainability is firmly rooted within our organization and has been an integral component of management compensation since fiscal 2020.

### Foundation: corporate governance

The cornerstone for sustainability-based corporate management is compliance with recognized principles of corporate governance. Siemens AG is governed by German corporate law, under which it has a two-tier board structure consisting of a Managing Board and a Supervisory Board. As the top management body, the Managing Board is obligated to serve the company's best interests and achieve sustainable growth in company value. The members of the Managing Board are jointly responsible for the entire management of the company and decide on basic issues of business policy and corporate strategy, as well as single-year and multiyear planning. The Supervisory Board oversees and advises the Managing Board in its management of the company's business. At regular intervals, the Supervisory Board discusses business development, planning, strategy, and the implementation of that strategy.

More detailed information on the structure and responsibilities of the Managing Board and Supervisory Board can be found in management's Corporate Governance Statement in our [ANNUAL REPORT](#).

### Clear organizational structure and responsibilities

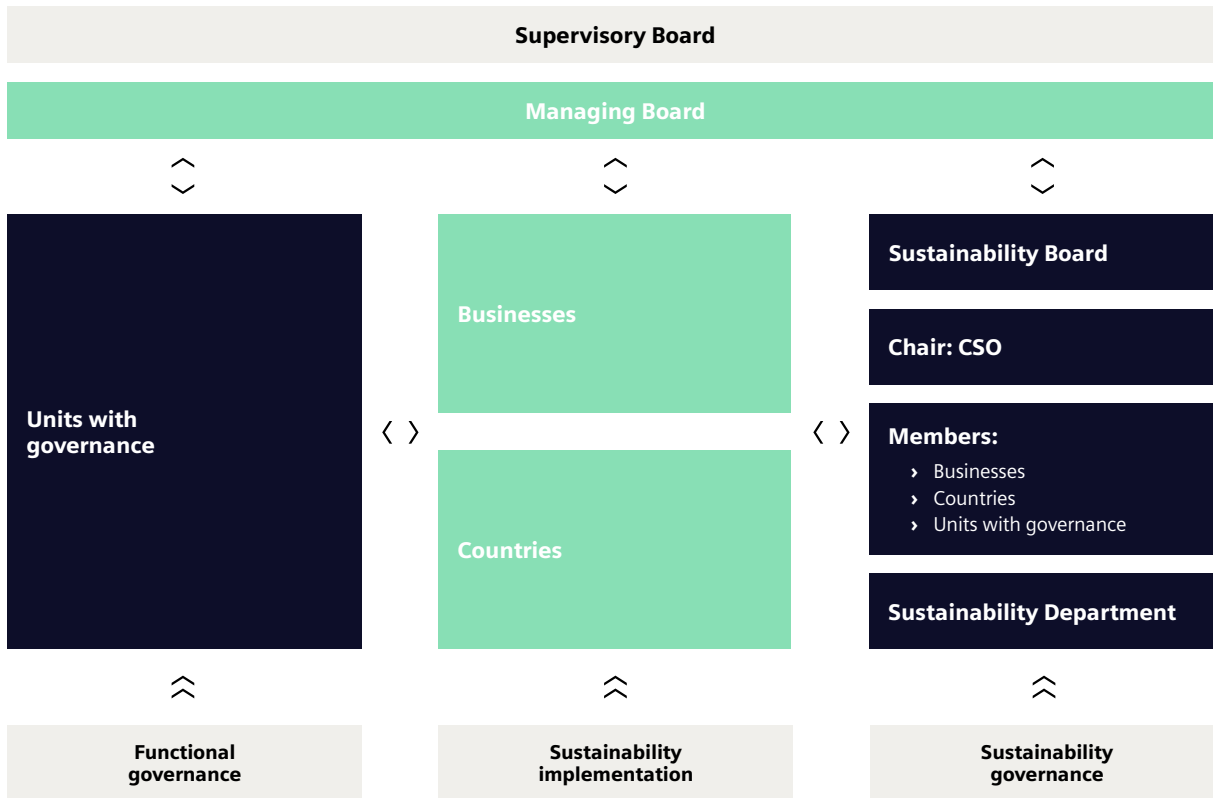
All strategic sustainability activities are overseen by our Chief Sustainability Officer (CSO). The CSO is a member of the Siemens Managing Board and chairs the Siemens Sustainability Board (SSB), which consists of representatives of the businesses, countries, and units with governance responsibilities (technical and professional functions).

The SSB is the central steering committee for the strategic development of sustainability at Siemens, and makes decisions regarding key sustainability matters. Where necessary, the Managing Board addresses sustainability-related risks and opportunities of strategic and company-wide importance, and adopts appropriate measures. For example, it was the Managing Board that adopted the DEGREE sustainability framework in fiscal 2021. The SSB motivates and supports the organization in taking sustainability aspects into account when making business decisions. At quarterly meetings, the SSB discusses and hones its focus on strategic sustainability topics, such as CO<sub>2</sub> reduction, the framework for ESG and human rights risks, and nonfinancial reporting, as well as rankings and ratings. The board adopts relevant sustainability measures and initiatives or submits recommendations for action to the Managing Board. During fiscal 2021, the SSB decided on matters such as the SBTi commitment, putting the DEGREE sustainability framework into operation, and a materiality analysis to serve as the basis for the further pursuit of sustainability.



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

Overview of roles and responsibilities



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

The CEOs of businesses and countries are responsible for implementing sustainability within the Group. This responsibility includes taking sustainability aspects strategically into account all along the value chain within their organizations' business activities. In all their decisions, strategies, processes, and

systems, they must also take account of business opportunities and business risks that relate to sustainability. They also set the targets for strategic sustainability activities in their sphere of responsibility.

In their implementation work, the CEOs of the various businesses and countries are supported by Sustainability Managers, whom they appoint. These Sustainability Managers maintain close contact with their colleagues and the Sustainability Department. They also organize a network of sustainability experts with the aim of ensuring that all sustainability measures and initiatives are implemented within the units. All units with governance functions are additionally responsible for the company-wide implementation of sustainability aspects within their spheres of responsibility. They analyze new sustainability requirements specific to their markets

and customers, and are in charge of implementing guidelines, management systems, and strategic programs, as well as long-term targets and KPIs. They report on their activities in the Siemens Sustainability Report.

### Sustainability reflected in management compensation

In fiscal 2019, the compensation system for members of the Managing Board was reviewed in depth and revised further; it was then endorsed by a large majority at the Annual Shareholders' Meeting in February 2020. As part of the refinement of the system, a focus was established for sustainability aspects. As part of the long-term variable component of compensation (Siemens Stock Awards), alongside a comparison of total shareholder return (TSR) against an international index (the MSCI World Industrials Index), a second performance criterion was introduced, in the form of an internal ESG/Sustainability index, weighted at 20%, with three equally weighted indicators.

The ESG indicators reflect relevant strategic and socio-political topics. For the Stock Awards Tranche 2021, which was awarded in November 2020, these indicators are reduction of CO<sub>2</sub> emissions, digital learning hours per employee, and the Net Promoter Score (NPS) for measuring customer satisfaction. As well as for the members of the Managing Board, these criteria are applicable analogously for all senior managers globally who are eligible for Stock Awards.

Additional sustainability matters, including succession planning, sustainability/diversity, and employee satisfaction, are also defined as individual targets for short-term variable compensation (bonuses).

To link compensation more firmly to long-term growth and performance of the company, the level of the long-term variable component of compensation was raised; it now ranges from a minimum of 30% to a maximum of 42% of target total compensation. [➤ COMPENSATION REPORT 2021](#)

[➤ COMPENSATION REPORT 2021](#)

### CO<sub>2</sub> Emissions

Amount of greenhouse gases emitted by the company's business operations in tons of CO<sub>2</sub> equivalent, excluding carbon offsets (for example, certificates).

### Digital learning hours per employee

The total number of digital learning hours completed in virtual trainer-led training sessions, self-paced learning, learning on the job, community-based virtual learning, and hybrid training sessions divided by the total number of employees.

### Net Promoter Score (NPS)

Customer intention to recommend us, measured on a scale of 1 (extremely unlikely) to 10 (extremely likely). NPS is defined as the number of promoters (%) minus the number of detractors (%).

2.3

# Partnerships and collaborations for sustainability

17 PARTNERSHIPS FOR THE GOALS



- **Close networking and cooperation with our stakeholders**
- **Partnerships are key to sustainable development and business success**
- **Siemens is an active member of numerous business associations and organizations**

As a company that operates globally, we partner in a variety of ways with a very diverse set of players. Our efforts here are in line with SDG 17, which calls for a revitalized, strengthened global partnership that brings together governments, civil society, the private sector, the United Nations, and other entities.

Only by collaborating closely with stakeholder groups can we make serious progress on complex and intertwined sustainability challenges such as environmental concerns. We maintain a constant dialog for that purpose with investors, customers, suppliers, our people, communities, policymakers, media, nongovernmental organizations, business organizations, and academia. Our management and the relevant specific units with governance functions are in charge of this task. For example, overall responsibility for dialog with policymakers lies with the Managing Board of Siemens AG. Within the various business units, the unit's CEO is responsible for coordinated dialog. The Managing Board has tasked the Government Affairs Department with performing the necessary coordination duties and has given it the powers it needs for the purpose.

This engagement with our stakeholder groups creates value on all sides of the equation through exchanges of knowledge and information, as well as through creative partnerships. It helps us improve business conditions and reduce both external and internal risks.

Our new DEGREE sustainability framework is also founded on dialog with our customers, investors, suppliers, and our people, and with society at large, and on acknowledging the impact our business has on the planet. This new framework thus represents a 360-degree stakeholder approach.

## In dialog with politics and society

As a global company, we work with our customers to find innovative solutions to some of the most pressing issues facing the planet. For that reason, dialog with policymakers is intrinsic to our social responsibility, and is of tremendous importance to our success as a company. We base the priorities of our political activities on our business strategies and innovation fields.

Our advocacy activities focus on the following topics and policy areas, among others: cybersecurity, digitalization (including Internet of Things/IoT and artificial intelligence, or AI), decarbonization and climate change action, energy, R&D, and trade policy, as well as connected and automated mobility for rail and road. We have joined forces with leading companies from around the world to establish the Charter of Trust, which aims to make the digital world safer and more secure ([HTTPS://WWW.CHARTEROFTRUST.COM/](https://www.charteroftrust.com/)).

Furthermore, we support the goal of achieving a carbon-neutral Europe by 2050 – announced as part of the European Green Deal – through a variety of commitments, including our active memberships in the European Alliance to Save Energy ([HTTPS://EUASE.NET/](https://euase.net/)) and the [EUROPEAN GREEN DIGITAL COALITION](#).

As part of the European Green Deal, “fit for 55” is an important – and tangible – step toward the goal of reducing carbon emissions by 55% until 2030 and

achieving complete climate neutrality by 2050. The proposed measures establish conditions under which companies can now make long-term plans. A fair and reasonable carbon price will accelerate the embrace of low-carbon technologies, and should thus extend to as many sectors as possible so as to encourage the transition to a carbon-neutral economy. Siemens will continue to do its part here – because we have the necessary technologies and knowledge to reduce CO<sub>2</sub> emissions and energy consumption, and to conserve resources.

Our political involvement is guided by firm principles. We are politically neutral and take a zero-tolerance approach to corruption, violations of fair competition principles, and other breaches of applicable law and internal regulations. Siemens does not make political donations and contributions (donations to politicians, political parties, or political organizations). All contributions that support purely political purposes or the representation of political interests, such as election events for political campaigns, are prohibited by our internal guidelines.

### Engagement in associations and organizations

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

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

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

For years, we have supported One Young World (OYW), a nonprofit organization that champions young business leaders around the globe in order to build a better world with more responsible, more effective leadership. At the 2021 OYW Summit in Munich, we celebrated ten years of our CEOs' involvement with the organization.

2.4

## Sustainability ratings reflect our performance

- **Our engagement is recognized in a number of ratings and rankings**
- **This helps continuously improve our sustainability performance**
- **It also strengthens the Siemens brand and enhances the satisfaction of our people**

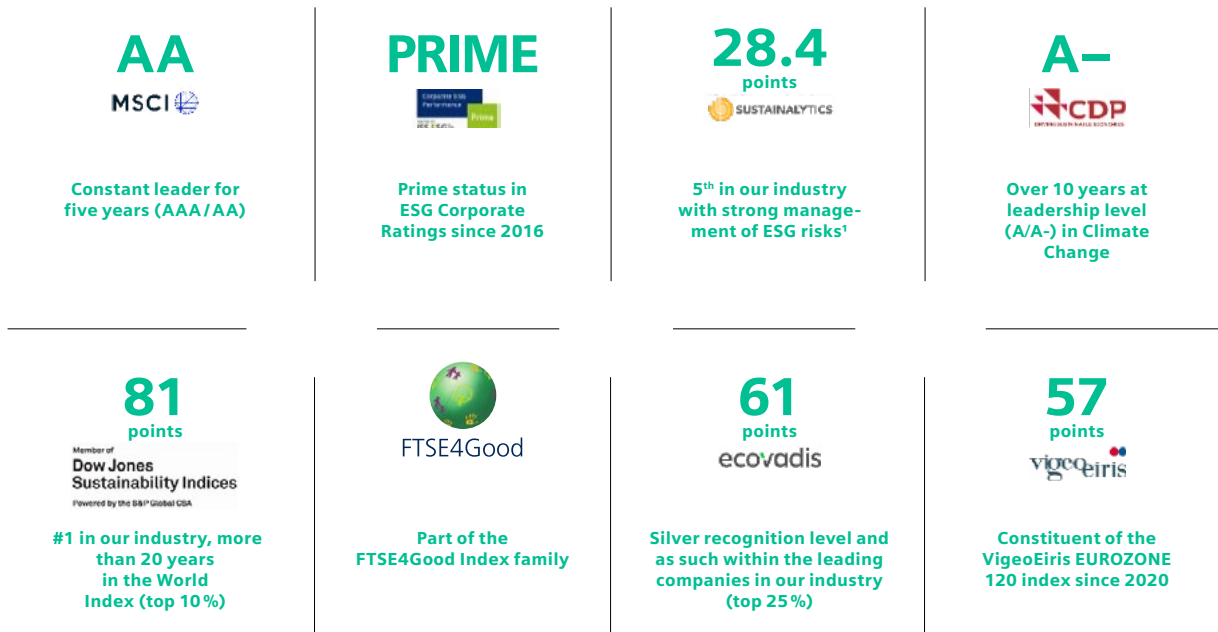
Our commitment to sustainability is widely recognized in a variety of significant ratings and rankings. This recognition corroborates the wisdom of our sustainability strategy, and at the same time it also provides us with a yardstick for continuous improvement.

We actively involve ourselves with external ratings and rankings as a way of measuring our performance against similar companies and competitors. There are four reasons why this engagement is important to us:







1. Markets and customers increasingly want information about ratings and rankings, and they've begun requiring these assessments as part of their contract terms.
2. More and more investors are developing their own ratings and rankings to assess companies' sustainability performance.
3. We want to be able to benchmark ourselves against peers and competitors so we can introduce the right steps for improvement and detect important trends in sustainability.
4. Strong performances in relevant, acknowledged ratings strengthen the Siemens brand and enhance the satisfaction of our people.

2.4 Sustainability ratings reflect our performance

Siemens' sustainability performance has received recognition in external ratings and rankings



Rating highlights

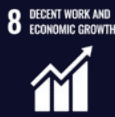
|  |  |   |   |  |  |
|--|--|---|---|--|--|
| <br>Cybersecurity program | <br>Innovation management | <br>Customer relationship management | <br>Green products and service/ecodesign | <br>Compliance management system | <br>Environmental management system |
|--|--|---|---|--|--|

<sup>1</sup> High risk exposure is in line with the industry average.

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# Governance

## Responsible Business Practice



## Ethics

Foster a culture of trust, adhere to ethical standards, and handle data with care

### Our key ambitions:

→ Striving to train 100% of our people on Siemens' Business Conduct Guidelines every three years

### Additional topics:

- Zero-tolerance approach to breaches of applicable laws and our own internal guidelines
- A global, risk-based compliance system
- Aiming for a leading role in cybersecurity

## Governance

Apply state-of-the-art systems for effective and responsible business conduct

### Our key ambitions:

→ ESG-secured supply chain based on supplier commitment to the Supplier Code of Conduct  
→ Long-term incentives based on ESG criteria<sup>1</sup>

### Additional topics:

- Focus on human rights: climate protection, occupational safety, and responsible sourcing of minerals
- Digital ESG Risk Due Diligence Tool (ESG Radar)

<sup>1</sup> Assessment based on Siemens-internal ESG-/sustainability Index, based on customer satisfaction (Net Promoter Score), CO<sub>2</sub> reduction, training hours.

## 3.1

# Compliance



- **Zero-tolerance approach to breaches of applicable laws and our own internal guidelines**
- **A global, risk-based compliance system**
- **All our business activities are guided by our values: “responsible – excellent – innovative”**

Siemens takes a zero-tolerance approach to corruption and other breaches of applicable laws and of the values laid down in our Business Conduct Guidelines (BCGs). If violations do occur, we respond consistently and vigorously following defined procedures. But compliance means more than just complying with laws and internal regulations: It’s the foundation of all our decisions and activities, and the key to integrity in business conduct. Our premise is this: Only clean business is Siemens business. This applies worldwide and at all levels of the organization. At Siemens, standing up for integrity means that everywhere we do business, we act in accordance with our values: responsible – excellent – innovative. And we’ve also anchored that approach in our new DEGREE framework under “E” for “Ethics.” [↗ STRATEGY ↗ AT A GLANCE](#)



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

Our compliance organization contributes in particular to the achievement of the UN’s Sustainable Development Goal (SDG) 16, “Peace, Justice and Strong Institutions.” That goal includes a call for companies to dramatically reduce corruption and bribery in all their forms.

## Worldwide commitment to fighting corruption

Beyond our company’s borders – and in collaboration with other international and national organizations – we’re committed – including as part of our Collective Action activities – to fighting corruption and promoting fair competition in our markets [↗ SEE ALSO THE SECTION ON “COLLECTIVE ACTION” BELOW](#). Part of that engagement is our commitment to the United Nations Global Compact (UNGC) and our involvement in the World Economic Forum and its Partnering Against Corruption Initiative (PACI). In addition, we actively support the United Nations Convention against Corruption and the Anti-Bribery Convention of the Organisation for Economic Cooperation and Development (OECD), and we have been supporting their implementation for years as part of Business 20 (B20). The Ten Principles of the UNGC, along with the other guidelines, are a foundation for our company-wide work in this domain and are also enshrined in our code of conduct: the Siemens BCGs that provide direction for all our activities. [📄 BUSINESS CONDUCT GUIDELINES](#)



Siemens and its roughly 303,000 employees operate in many different countries throughout the world with customers in both the private and public sectors that serve a vast array of industrial sectors. Our global business operations are governed by numerous national legal systems and a variety of political, social, and cultural settings, which are constantly changing. Accordingly, the environment where Siemens conducts its business, and thereby carries out its compliance activities, is correspondingly complex.

### The Siemens compliance system

Our BCGs contain the fundamental principles and rules for our conduct, both within Siemens and in our relationships with our customers, external partners,

and the general public. They also serve as an expression of our values and lay the basis for detailed internal regulations. The BCGs are binding for all Siemens employees around the world.

#### [BUSINESS CONDUCT GUIDELINES](#)

Our compliance system is designed to ensure that our business practices worldwide comply with these guidelines and follow applicable laws. To attain that goal, the system is based on three pillars – prevent, detect, and respond – and covers the activity fields anti-corruption, anti-money laundering, antitrust, Collective Action, data privacy, export control, and human rights. [➤ HUMAN RIGHTS](#) and [➤ DATA PRIVACY](#)

Siemens compliance system



Preventive measures include compliance risk management, preparing of topic-specific guidelines and procedures, incorporating compliance requirements into our business processes, and providing comprehensive training and advice for our people. Channels for reporting compliance violations – such as the “Tell Us” whistleblower system and the Ombudsperson as well as professional and fair investigations – are indispensable for recognizing and completely resolving matters of misconduct. Unambiguous responses and clear consequences serve to punish misconduct and eliminate weaknesses. To ensure that our compliance system is put into action and meets our requirements, our internal audit department continuously performs compliance controls and audits.

One of the key components of this compliance system is our managers’ responsibility. That is why the global Legal and Compliance department is directly assigned to the Chairman of the Managing Board as a governance function. Our Chief Compliance Officer delivers quarterly reports directly to the Managing Board and Supervisory Board of Siemens AG.

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

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

To obtain feedback directly from Siemens employees, regular survey questions are conducted on the topic of integrity within the Siemens Global Employee Survey (SGES). The surveys are held annually on selected integrity topics. The results from this fiscal year show a continuous positive trend in the entire organization’s perception and awareness of integrity and responsible business conduct. The next survey is scheduled for fiscal 2022.

#### Compliance risk management

To be effective, the Siemens compliance system needs to be continuously adjusted in order to meet business-specific risks and multiple local legal requirements. The findings from compliance risk management, as well as compliance controls and audits, serve as a basis for deriving measures to further develop the compliance system.

The goal of compliance risk management is to detect compliance risks at an early stage and take appropriate steps to prevent or mitigate risks. Risk assessment is also integrated into individual business processes and tools that evaluate risks in any given business decisions and take appropriate risk mitigation steps. Thus, compliance can make an important contribution to achieving our corporate goals.

Compliance risk management is an integral part of the company-wide Siemens Enterprise Risk Management (ERM) program [↗ ANNUAL REPORT 2021 8.3.1 CHAPTER RISK](#), which creates a holistic view of all identified risks throughout the Group. Each entity and each region assess its business risks in relation to compliance risks. Current developments are systematically also evaluated.

In close collaboration with the relevant businesses, the early identification and assessment of the compliance risks involved in new digital business models are a core part of our risk management process.

Additional information from internal data sources is included in order to provide a holistic overview of compliance risks. Cross-functional exchange at regular meetings and an annual Corporate Compliance Risk Workshop also makes it possible to identify and monitor emerging or changing risks. The results of the risk assessment are therefore a key starting point for the ongoing development of our compliance system.

In fiscal 2021, we've also defined our long-term compliance priorities. The priorities are constantly evolving, so we can work from a reliable, long-term perspective when developing our compliance efforts. These priorities are supplemented by focus areas and specific activities for each fiscal year, and they continued to guide our work in fiscal 2021. Every compliance employee is actively encouraged and committed to the fulfillment of our priorities.

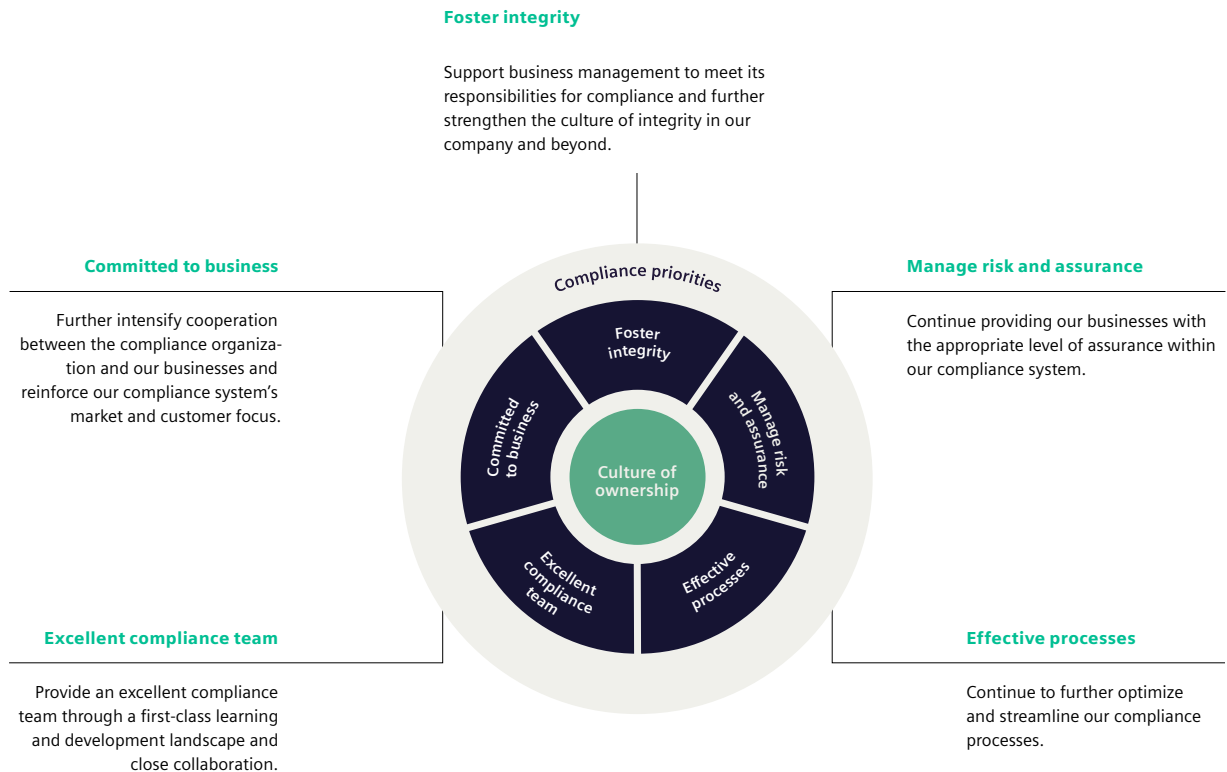
### Compliance priorities in fiscal 2021

Our compliance priorities are the foundation for the continuous development and improvement of our system. We keep a close watch on the ever-evolving requirements in the compliance environment and strive to fulfill them. Among the challenges in this regard are changes in market conditions and in the compliance risks of our business activities.

### Compliance training

To ensure that compliance and integrity are deeply anchored in the organization, both Siemens employees and the Compliance department receive targeted, group-oriented, risk-based training on compliance topics.

#### Compliance priorities



Compliance training for the Siemens organization emphasizes three core aims:

1. To impart values and raise awareness of fundamental compliance issues among all employees
2. To convey in-depth specialized knowledge to managers and specific target groups
3. To provide additional materials on all relevant compliance topics

Employees learn about the compliance activity fields through programs such as mandatory web-based trainings on the contents of our BCGs. In addition to the mandatory training courses, there are also additional training materials that can be used for specific target groups; these are available on the global learning platform. Because of the global coronavirus pandemic (COVID-19), many of the classroom training sessions were converted to virtual formats in fiscal 2021 in order to maintain training continuity.

The BCG training was rolled out to around 77,000 employees worldwide, and 72,000 of them (approximately 93%) successfully completed the training by the end of fiscal 2021.<sup>1</sup>



<sup>1</sup> This figure includes Siemens Healthineers employees.

In addition, Siemens employees around the world completed about 374,000 training programs for specific target groups in fiscal 2021.<sup>1</sup>

### New target for BCG training

As part of the new DEGREE framework, Siemens has expanded the existing training target to include the group of employees without online access. In the future, we plan to train all employees on the BCGs in campaign cycles that run for three years each (without SHS). The current cycle covers the fiscal years from 2020 to 2022.

Within the current cycle, we have trained 76% of our employees worldwide on the BCGs.

Starting fiscal 2022, we are planning to provide in-person training for employees who until now couldn't be included in Siemens' internal IT system for training. Annual face-to-face training sessions will be held at every production site worldwide. We aim to ensure that every employee receives training during the campaign's recurring three-year cycle, in keeping with the new DEGREE target. No in-person sessions were held during the past two fiscal years because of worldwide COVID-19 restrictions.

For the third year of the campaign cycle, this means that in order to reach our goal to train employees at our production facilities, fiscal 2022 remains for the target achievement.<sup>2</sup> In fiscal 2023, a new three-year cycle will begin and will comprise annual trainings both in person and online.

Moreover, integrity dialogs are conducted every year. In this initiative managers have an opportunity to discuss current compliance issues with their teams as well as to specifically communicate and inform about selected compliance topics.

<sup>2</sup> Occasionally employees may not be able to take part in the available in-person formats over the coming year because of illness or vacation.

Training programs are planned and initiated according to regional conditions. A learning management system helps track mandatory trainings for the defined and regionally specified target groups, and the completion of training requirements is regularly reported to the management of the respective unit.

A comprehensive train-the-trainer concept equips trainers with the educational and content-related skills they need for the various compliance training courses. Because of the ongoing pandemic, this concept was implemented virtually again fiscal 2021.

#### Collaborations with business partners

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

Each Siemens unit is responsible for its own business partners. They must be carefully selected by the responsible operational unit and must undergo a risk-based compliance due diligence process. This process needs to be adequately monitored for the duration of the business relationship; in other words, the need for the relationship and performance, taking into account remuneration, is regularly reassessed. We have established mandatory processes and related tools for this purpose that are continuously refined to cover risks that arise.

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

Both business partners and suppliers are required to sign a predefined code of conduct. In addition, depending on the risk classification, audits can be carried out at the business partners' premises by the Siemens audit function or external service providers.

#### ➤ CHAPTER 3.3 SUPPLY CHAIN

#### Early detection of warning signs of money laundering

Siemens has a declared goal of doing business only with reliable customers, business partners, and other third parties. That's why we perform risk-based checks of our business counterparts' identity and financial backgrounds as well as the origin of their payments in order to ensure that payments come from legitimate sources. To help our employees better detect and identify money-laundering risks, we regularly hold awareness trainings all over the world. Where necessary, Siemens reports suspicious matters to the responsible authorities.

To provide focused support for our business, risk-triggering warning signals were revised and further detailed in fiscal 2021.

#### Compliance indicators and whistle-blowing

At Siemens, we offer all employees and external third parties protected channels through which they can report violations of external and internal rules. Reports made through these channels are forwarded to our compliance organization and are monitored. Possible misconduct can also be reported directly to the compliance officers in the individual business units or to management. Our employees make use of these reporting channels regularly. In fiscal 2021, 394 compliance cases were reported that required further inquiry or investigation. We believe that the increase in cases from 332 in fiscal 2020 is within a normal fluctuation range when taking the COVID-19

### 3.1 Compliance

pandemic into account. The total number of disciplinary measures for compliance violations in fiscal 2021 was 121 (188 in fiscal 2020).

The number of disciplinary measures in a fiscal year doesn't necessarily reflect the number of compliance cases reported in the same period. Frequently, disciplinary action isn't taken in the year in which the underlying cases were reported or the investigation – which follows a careful procedure – was completed. A compliance case may also result in multiple disciplinary actions or none at all.

#### Compliance indicators <sup>1</sup>

|                                  | Fiscal year |      |
|----------------------------------|-------------|------|
|                                  | 2021        | 2020 |
| Compliance cases reported        | <b>394</b>  | 332  |
| Disciplinary sanctions           | <b>121</b>  | 188  |
| <i>therein warnings</i>          | <b>62</b>   | 90   |
| <i>therein dismissals</i>        | <b>49</b>   | 63   |
| <i>therein other<sup>2</sup></i> | <b>10</b>   | 35   |

<sup>1</sup> Continuing and discontinued operations

<sup>2</sup> Includes loss of variable and voluntary compensation components, transfer, and suspension

We believe that the evidence demonstrates that our compliance system is well-designed and effectively implemented. Due to the nature of our business operations, the environments where we work, and our wide range of different geographic regions, we don't regard the number of incidents as unusual.

More information on significant ongoing and future charges of corruption, antitrust violations, and other violations of the law can be found in [COMBINED MANAGEMENT REPORT CHAPTER 8.3.4 COMPLIANCE RISK, AND NOTE 22 IN NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL 2021](#).

### Collective Action and the Siemens Integrity Initiative

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

Building upon the Third Funding Round from 2018, in December 2020 we invited short-listed partners to submit applications for additional support, adhering to the published criteria for application and selection. A team of experts from various disciplines and regions carefully reviewed the projects, presented them to the Siemens Steering Committee for approval, and then introduced them to the World Bank for what's known as the "non-veto" process and to the European Investment Bank for information.

In July 2021 we announced the eight additional new projects that will be funded for three years beginning July 1, 2021, each for a total of up to US\$20.5 million and with activities in more than 27 countries.



**US\$120 million in support for 85 projects in 50 countries**

So far we've allocated approximately US\$120 million for 85 projects in more than 50 countries across all funding rounds. This information is provided in our annual report on the Siemens Integrity Initiative.

[WWW.SIEMENS.COM/INTEGRITY-INITIATIVE](http://WWW.SIEMENS.COM/INTEGRITY-INITIATIVE)

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

### Results and progress in fiscal 2021

In fiscal 2021, we again made significant progress with our Siemens compliance system, including:

- The global BCGs training was updated to emphasize the importance of integrity and compliance in the company and among its employees. The training's content, formats, and execution were adapted to current conditions and further developed.
- We formed global teams of compliance experts to focus on defined topics. This is intended to address major challenges on a cross-organizational basis while also identifying opportunities for improvement in efficiency and efficacy by tapping into all of Siemens' knowledge. Within these networks, the ongoing monitoring of compliance risks was supplemented with a global group of experts who will help detect risks from new digital business models at an early stage and define proposals to mitigate those risks.

### Outlook for fiscal 2022

Our compliance priorities described above will continue to guide our work and will be further detailed with focus areas for fiscal 2022. Our paramount goal is to provide Siemens with the highest level of certainty in matters of compliance and to promote a market environment of integrity. In fiscal 2022, as part of the "Ethics" (E) aspect of the DEGREE program, we'll engage in a variety of projects to cultivate integrity and intend to train our employees in the Siemens BCGs in the context of the new objectives.

We'll continue our development of a compliance system tailored to the individual risks and opportunities of our businesses and our organizational structure at Siemens. In our global employee survey in fiscal 2022, we'll again solicit our employees' feedback on integrity at Siemens in order to be able to derive appropriate measures.

**"Ethical management of the company is very important to us. That's why we're committed to a collective approach and support international initiatives to combat corruption."**

CEO Roland Busch

Finally, in fiscal 2022 we'll continue to implement the projects of the Siemens Integrity Initiative and monitor their progress.

[WWW.SIEMENS.COM/INTEGRITY-INITIATIVE](http://WWW.SIEMENS.COM/INTEGRITY-INITIATIVE)

## 3.2

# Human rights

8 DECENT WORK AND ECONOMIC GROWTH



– **Respect for human rights remains in focus at all times**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



– **Commitment to compliance with international standards**

– **Inclusion of all key partners**

17 PARTNERSHIPS FOR THE GOALS



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

Our new DEGREE framework consists of different components to address the multifaceted issue of human rights in the areas of G (Governance), E (Ethics), and E (Equity).

## Commitment to human rights and international standards

Our human rights principles are firmly grounded in the United Nations 2030 Agenda for Sustainable Development. Siemens believes that the corresponding Sustainability Development Goals (SDGs) can only be fully achieved if any potentially negative impacts within the value chains are examined in greater detail and effective action is

taken to counter them. In these efforts, we are guided by international standards that help companies define their approaches to human rights and continuously optimize them. These standards include the United Nations Guiding Principles on Business and Human Rights and the Guidelines for Multinational Enterprises published by the Organization for Economic Cooperation and Development (OECD). They highlight the importance of a due diligence process that is able to proactively identify, assess, and prevent any human rights violations to protect those affected or at least mitigate their impacts as much as possible.

### The Business Conduct Guidelines

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

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

- The International Bill of Human Rights, consisting of:
- the Universal Declaration of Human Rights,
  - the International Covenant on Civil and Political Rights, and
  - the International Covenant on Economic, Social and Cultural Rights.



- The European Convention for the Protection of Human Rights and Fundamental Freedoms,
- The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labour Organization (ILO),
- The ILO Declaration on Fundamental Principles and Rights at Work,
- The OECD Guidelines for Multinational Enterprises (after adoption of the core elements of the UN Guiding Principles on Business and Human Rights in 2011),
- The UN Guiding Principles on Business and Human Rights, and
- The Ten Principles of the United Nations Global Compact.

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

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

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

### Management and responsibilities

Our actions in support of respect for human rights and our commitment to implementing the UN Guiding Principles on Business and Human Rights are monitored by the Siemens Managing Board and the Siemens Sustainability Board (SSB). These bodies

discuss both progress and challenges and identify improvement measures. Furthermore, the Chief Compliance Officer reports to the Supervisory Board and Managing Board at a regular basis and also provides information on topics relating to human rights on an ad hoc basis.

The SSB has given the Sustainability and Compliance departments the task of ensuring that the respect for human rights is more deeply embedded in the company's worldwide processes and business decisions. To this end, the two departments have developed a framework program aimed at ensuring the respect for human rights and agreed to successively realize improvement potential across all program dimensions. In fiscal 2021, these efforts were focused on capacity building, awareness creation and the implementation of a comprehensive due diligence approach in customer-related business.

[↗ SIEMENS' HUMAN RIGHTS FRAMEWORK](#)

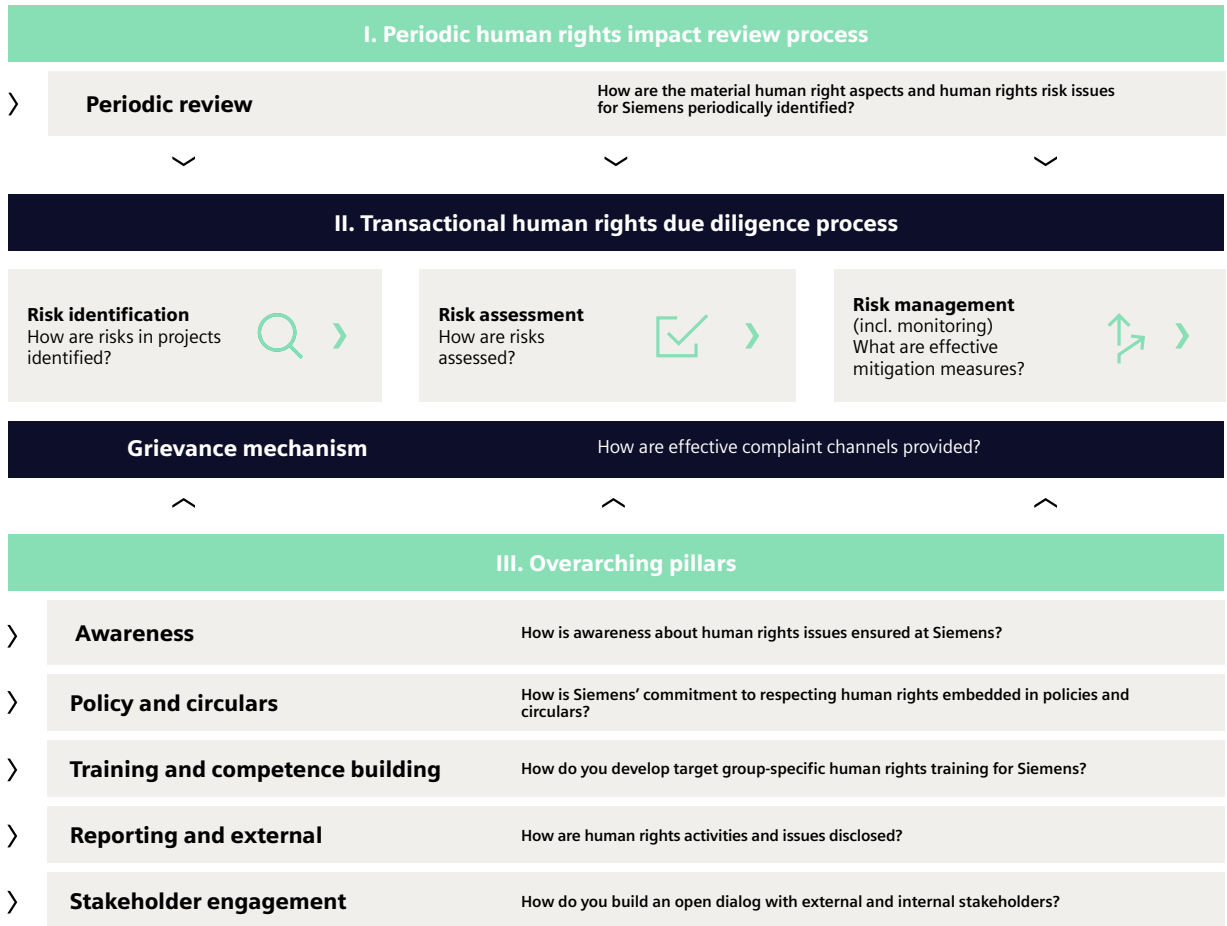
### Continuous improvement measures

We view living up to our responsibility for human rights as a continuous improvement process. Siemens employs risk management programs and procedures across its value chain to systematically identify and assess risks of human rights violations at an early stage and mitigate these risks depending on the company's leverage potential.

### Human rights in the supply chain

Maintaining sustainable supply chains is one of our guiding principles. Siemens suppliers commit to uphold the Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries and Business Partners, which affirms the fundamental human rights of our suppliers' employees.

Siemens' human rights framework



This Code encompasses the following points:

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

sustainability audits. Whenever deviations from the principles of the Code of Conduct for Siemens Suppliers, and therefore also violations of the human rights principles defined in this document are identified, we work with the supplier to clarify how lasting corrective action can be taken within a reasonable time frame. [➔ SUPPLY CHAIN](#)

Siemens takes a risk-based approach to identifying potential risks in its supply chain. This includes Corporate Responsibility Self-Assessments (CRSAs) by suppliers, internal supplier audits, and external

In case of severe violations, we reserve the right to terminate the supplier relationship.

[➔ MATERIAL HUMAN RIGHTS RISK ISSUES WITHIN OUR VALUE CHAIN](#)

With regard to the new German Supply Chain Due Diligence Act (LkSG), which will enter into force on January 1, 2023, we have established a cross-functional working group to evaluate the effects of the new law on Siemens.

### Human rights in the workplace

The BCGs [BUSINESS CONDUCT GUIDELINES](#) are an integral element of all employment contracts. Every employee is responsible for respecting human rights. Siemens does not tolerate discrimination, sexual harassment, or any other form of personal attack on individuals or groups. In addition, the principles of equal opportunity and equal treatment apply without restriction.

The principles of diversity, equal opportunity, and inclusion are all embedded in our business goals and processes. We acknowledge that we must ourselves effect the transformation we want and remain committed to creating a more equitable, more sustainable future. We believe that movements such as “Black Lives Matter” and changes are needed to address the injustice that black Americans and other minorities still have to endure. For this reason, we launched the “Courageous Conversations” platform for our people in the U.S., where they can share their experiences and learn from each other. More than 3,500 employees participated in this dialog format in 2021. In our Supplier Diversity Program, we identify opportunities for pro bono work to promote social justice and collaborate with minority-controlled businesses in a targeted manner. To promote diversity among suppliers, Siemens, Siemens Healthineers, and the Siemens Foundation together have donated more than US\$ 8 million to historically black colleges and universities and to organizations that improve access to COVID-19 vaccines in minority communities.

[MATERIAL HUMAN RIGHTS RISK ISSUES WITHIN OUR VALUE CHAIN](#)

### Fair pay and active codetermination

Fair and transparent pay is an indispensable element of appreciative, respectful dealings with our people. In Germany, the collectively agreed-to pay system forms the basis for equal pay within the areas covered by collective agreements. Raises for those outside collective agreements are also handled without discrimination after review on the basis of our defined, market-based “pay-parity” methodology. A full 88% of employees in Germany are covered by collective agreements. Approximately 98% are subject to co-determination. The remaining 2% are executive staff with no codetermination rights. Siemens negotiates wages with unions in free collective bargaining negotiations.

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

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

Siemens strives to systematically operationalize any human rights risks within its value chain by means of a company-wide due diligence approach. This also includes the business conducted by our customers.

We operate in nearly 200 countries, including countries with a challenging social and political context.

Our stakeholders are increasingly asking what responsibility companies bear for the business activities of their customers. We recognize this and take action to ensure that our risk due diligence



**The early detection of environmental and social risks plays a key role in human rights due diligence.**

procedures continue to evolve and that we work to assess possible environmental and social risks in our operational business on an even more comprehensive basis and at an earlier stage. Material human rights risks within our value chain, including in the business relationships of our customers, that we have identified are summarized in the following [TABLE](#).

Material human rights risk issues within our value chain

**Human rights risk issues in the supply chain**

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



**Human rights risk issues in the workplace**

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



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

- › Business-specific environmental and social risks<sup>1</sup>
- › Country-specific risks
- › Impact on local communities (such as indigenous population, ethnic or religious minorities)
- › Fair labor conditions
- › Modern slavery
- › Discrimination
- › Occupied territories



<sup>1</sup> Including in the areas of coal, oil, and gas and mining, for example.

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

- Results of the materiality assessment in the area of human rights from fiscal 2019. We conducted an online survey of 500 stakeholders, including suppliers, customers, NGOs, think tanks, investors, shareholders, government representatives, and our people,

- Our experience in dealing with critical/controversial projects,
- Expertise supplied by external human rights experts, and
- Insights from dialogs with investors, Siemens shareholders, NGOs, and peer groups.

As a key element of the new DEGREE framework, we have successfully rolled out the new digital Risk Due Diligence Tool (ESG Radar) in the area of governance on the basis of the abovementioned material risk fields. This will help Siemens identify and assess possible environmental and social risks, and the associated human rights and reputational risks, earlier and on an even more comprehensive basis in the case of business decisions made by customers. The tool can be used to check over 60 different risk indicators for individual business activities. Together with external human rights experts, targeted mitigation measures are defined depending on how pronounced the risk profile is and what kind of influence Siemens has. The Risk Due Diligence Tool will be continually refined and expanded to cover critical human rights issues.

As part of our responsible business conduct practices, we also look at counterpart risks. Our business responsables assume responsibility for the periodic risk assessment of key customers with regard to environmental and social risks and their related human rights and reputation risks. The development of this process is ongoing and will be finalized in fiscal 2022.

**Training and skill building**

Siemens firmly believes that the principles of sustainability can be fully and effectively practiced only if they constitute a voluntary pledge based on core beliefs. Continuous skill building is a key factor in this regard. Our activities in this area are geared toward specific target groups. Siemens provides training for suppliers, interactive training formats for employees, and tailored skill-building activities for global and regional salespeople and specific functions such as Compliance and Environment, Health, and Safety (EHS).

Our brochures “Sustainability in the Supply Chain” and “Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries and Business Partners” [➤ SUPPLY CHAIN](#) support and sensitize our suppliers to the importance of embedding these values, as well as the sustainability requirements they entail, more deeply in their own supply chains. Siemens also offers web-based training on sustainability and human rights in the supply chain for all our suppliers.

A new, global web-based training program for environmental, social, and human rights due diligence was successfully conducted in fiscal 2021. Although the training program is available to all employees, participation is required for a smaller target group consisting of senior managers, salespeople, and risk management professionals. In total, 31,000 employees had participated in the training program by the end of fiscal 2021.

In addition, our Human Rights Knowledge Hub offers further training materials on topics such as modern slavery, occupied territories, and effective grievance mechanisms.

We also plan to launch an internal platform to enable a regular dialog across businesses, countries, and specific departments and openly discuss challenges, risk fields, and examples of good practice.

### Grievance mechanism and channels

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

[➤ COMPLIANCE](#) [WWW.SIEMENS.COM/HUMANRIGHTS](https://www.siemens.com/humanrights)

### Networks and coalitions

A regular dialog with peer group companies creates a platform founded on mutual trust for a more in-depth discussion of human rights. This also helps us come up with fresh ideas and harness past experiences for continuous improvement measures within our company. This kind of mutual dialog focuses on discussing challenges and solutions, addressing conflicts of goals, and identifying possible areas of shared action. After all, we firmly believe that we can achieve faster progress by concerted action than by acting alone.

Siemens is a member of the Global Business Initiative on Human Rights (GBI). This initiative is one of the leading international network initiatives in the area of human rights. It consists of over 20 companies from all over the world. Siemens is also represented in the European Business and Human Rights Peer Learning Group of the Global Compact Network. In Germany, Siemens is also involved in the working groups of *econsense*<sup>1</sup> in the areas of business and human rights and human rights in the supply chain.

Besides regular dialog with peer groups and think tanks, we also interact regularly with external human rights advisors on the subject of training, sensitization, and due diligence. In addition, we communicate regularly with investors, shareholders, rating agencies, and NGOs.

<sup>1</sup> *econsense* is a Forum for Sustainable Development of German Business.

## 3.3

# Sustainable supply chain practices

8 DECENT WORK AND ECONOMIC GROWTH



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



- **Assumption of responsibility on the basis of the holistic approach summarized as “Prevent – Detect – Respond”**
- **Evaluation of suppliers on the basis of self-assessments and on-site audits**
- **Focus on human rights: climate protection, occupational safety, and responsible sourcing of minerals**

The procurement activities of Siemens are wide-ranging: The company purchased goods and services valued at just under €28 billion in fiscal 2021, equivalent to approximately half our total revenue. We are aware that our worldwide purchasing activities have a major impact on local communities and the environment in our procurement markets. Sustainable business practices are therefore an integral part of purchasing policy at Siemens. We expect our suppliers not only to contribute to the economic success of our company, but also to ensure strict compliance with our sustainability requirements, which are summarized in the Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries. The obligation of suppliers to observe our Code of Conduct is an essential basis for fulfilling the Governance (“G”) ambitions of our DEGREE framework.

Our supplier network is broadly diversified. We work with about 63,000 suppliers in around 145 countries. There is great variation in the overall conditions that apply across these countries. As a result, strict compliance with the global sustainability requirements that apply to our suppliers is a major challenge in our day-to-day purchasing activities.

According to the UN Global Compact, the “supply chain makes a significant impact in promoting human rights, fair labor practices, environmental progress, and anti-corruption policies.”<sup>1</sup> Moreover, improved waste management and use of materials based on the principles of a circular economy can reduce consumption of natural resources. In addition, we have increased our focus on climate protection in our supply chain in recent years.



**Siemens purchased goods and services worth €28 billion from 145 countries**

## Responsibility for the worldwide supplier network

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

We expect all suppliers to make a firm commitment to our Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries (“Code”): The requirements set out in the Code must be accepted by all suppliers. The Code, which was introduced more than ten years ago, is based on the principles outlined in the United Nations Global Compact. The Code also builds on the Siemens Business Conduct Guidelines (BCGs), which set out the basic principles of sustainability for the entire company.

Among other things, suppliers declare their willingness to respect the fundamental rights of employees, establish high standards for health, safety, and environmental protection, and pursue a zero-tolerance

<sup>1</sup> <https://www.unglobalcompact.org/what-is-gc/our-work/supply-chain>

strategy in relation to corruption and bribery. The Code also contains a section on preventing purchases of conflict minerals, meaning minerals produced in certain countries that yield profits for armed groups in particular.

The Code also includes provisions on preventing money laundering and terrorist financing, export control and customs, and ensuring data protection. In addition, suppliers are obligated to institute a protected grievance mechanism for their employees. An accompanying Code of Conduct brochure and a web-based training module are provided to aid in supportive communication.

**Supplier management follows clear criteria**

The supplier management process at Siemens includes strict criteria for supplier selection and qualification. On this basis, we can quickly identify and counteract any sustainability risks also when admitting new suppliers. This may apply to suppliers with the following risk characteristics:

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

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

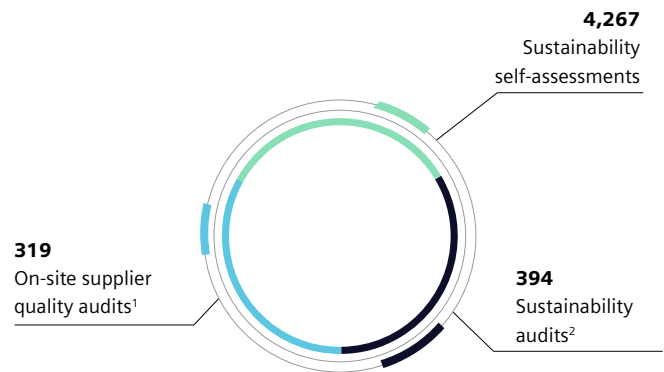
- Purchased material and service fields are assigned to the abovementioned risk groups as part of our processes. This makes it possible to assign measures to individual suppliers (e.g., specific contract clauses, obtaining proof, possibly flagging the supplier for an on-site audit).

- Risk levels for individual countries are introduced based on sustainability indicators for key areas such as legal compliance, corruption and bribery, human rights in the workplace, child labor, and more. We base these assessments on information from internationally recognized organizations.
- Suppliers may be assigned to other strategic categories based on factors such as specific preparations for projects with high local purchasing volumes, for example.

**Self-assessments and site audits as control mechanisms**

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

Number of audits



<sup>1</sup> Conducted by Siemens auditors with integrated sustainability questions.  
<sup>2</sup> Conducted by external auditors.

**Self-assessments**

Corporate Responsibility Self-Assessments (CRSAs) are part of the supplier qualification process, which is reviewed regularly and updated as needed to take new standards and regulations into account. Accordingly, new potential suppliers undergo a binding qualification process, while existing suppliers are reassessed every three years.

### 3.3 Sustainable supply chain practices

The number of completed CRSAs declined by around 10% from 4,759 self-assessments in fiscal 2020 to 4,267 in 2021. This moderate decrease is mainly attributable to the lower number of new suppliers resulting from the general reduction of our supplier pool from around 65,000 in 2020 to 63,000 in the past fiscal year. On the other hand, the number of agreed-upon improvement measures increased in fiscal 2021. The effects became apparent only in 2021 due to the fact that new topics were added to the Code of Conduct and incorporated into the CRSA only late in fiscal 2020. In particular, we made larger additions to the Code of Conduct in the categories of "Legal compliance/prohibition of corruption and bribery" and "Respect for the basic human rights of employees," which are now also reflected in the higher number of improvements.

#### Corporate Responsibility Self-Assessments (CRSA)<sup>1</sup>

| (Number)   | Fiscal year  |              |
|--|--------------|--------------|
|  | 2021         | 2020         |
| Europe, C.I.S., <sup>2</sup> Africa, Middle East | <b>1,505</b> | 1,439        |
| Americas   | <b>555</b>   | 936          |
| Asia, Australia                                  | <b>2,207</b> | 2,384        |
| <b>Total</b>                                     | <b>4,267</b> | <b>4,759</b> |

| Agreed-upon improvement (number) <sup>3</sup>          | Fiscal year  |              |
|--|--------------|--------------|
|  | 2021         | 2020         |
| Legal Compliance/prohibition of corruption and bribery | <b>1,152</b> | 1,085        |
| Respect for the basic human rights of employees        | <b>773</b>   | 655          |
| Prohibition of child labor                             | <b>149</b>   | 144          |
| Health and safety of employees                         | <b>705</b>   | 511          |
| Environmental Protection                               | <b>680</b>   | 754          |
| Supply Chain   | <b>145</b>   | 130          |
| <b>Total</b>   | <b>3,604</b> | <b>3,279</b> |

<sup>1</sup> Self-assessments completed mainly by suppliers from non-OECD countries with a purchasing volume of >€50,000 per year. Questionnaires that were initiated, completed, and concluded in the reporting period.

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

<sup>3</sup> Improvement measures agreed with suppliers relate either to actual deviations from the Siemens Group Code of Conduct for Suppliers or to structural improvements in management systems and the lack of specific processes and guidelines implemented by the supplier.

#### Quality audits with sustainability questions

The quality audits of suppliers conducted by Siemens auditors included questions on the subject of sustainability that cover all aspects and requirements of the Code. We conducted 319 on-site audits worldwide in fiscal 2021, that being about 15% less than in the previous year.

#### Supplier quality audits with integrated sustainability questions

| (Number)   | Fiscal year |            |
|--|-------------|------------|
|  | 2021        | 2020       |
| Europe, C.I.S., <sup>1</sup> Africa, Middle East | <b>116</b>  | 144        |
| Americas   | <b>89</b>   | 77         |
| Asia, Australia                                  | <b>114</b>  | 153        |
| <b>Total</b>                                     | <b>319</b>  | <b>374</b> |

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

#### External sustainability audits

From our point of view, external sustainability audits are the most effective method of assessing the sustainability performance of our suppliers. They are conducted by one of our external audit service providers and serve as a control mechanism for suppliers with a high risk assessment.

#### External sustainability audits (ESA)

| (Number)   | Fiscal year            |            |
|--|------------------------|------------|
|  | 2021                   | 2020       |
| Europe, C.I.S., <sup>1</sup> Africa, Middle East | <b>123</b>             | 65         |
| Americas   | <b>44</b>              | 19         |
| Asia, Australia                                  | <b>227</b>             | 185        |
| <b>Total</b>                                     | <b>394<sup>2</sup></b> | <b>269</b> |

| Agreed-upon improvement measures (number) <sup>3</sup> | Fiscal year  |              |
|--|--------------|--------------|
|  | 2021         | 2020         |
| Legal Compliance/prohibition of corruption and bribery | <b>1,141</b> | 937          |
| Respect for the basic human rights of employees        | <b>2,446</b> | 1,877        |
| Prohibition of child labor                             | <b>89</b>    | 95           |
| Health and safety of employees                         | <b>2,430</b> | 2,064        |
| Environmental Protection                               | <b>227</b>   | 161          |
| Supply Chain   | <b>284</b>   | 260          |
| <b>Total</b>   | <b>6,617</b> | <b>5,394</b> |

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

<sup>2</sup> Includes audits conducted virtually as well as audits carried out by third parties at our suppliers based on the same standards and are accepted by Siemens.

<sup>3</sup> Improvement measures agreed-upon with suppliers relate either to actual deviations from the Siemens Group Code of Conduct for Suppliers or to structural improvements in management systems and the lack of specific processes and guidelines implemented by the supplier.



The improvement of the COVID-19 situation especially since the spring of 2021 actually made it possible to conduct more external sustainability audits than before the COVID-19 pandemic. Compared to 269 sustainability audits in fiscal 2020, 394 audits were conducted in 2021, which equals of an increase of approx. 46%. This number includes 65 audits that we conducted virtually due to the COVID-19 pandemic, where the auditor inspected the supplier's facility by means of a remote video link. Also included are 14 audits at companies which Siemens purchases from but which were ordered by a third party and verified by our audit provider. Those audit reports fully meet the Siemens expectations and were given to us with approval of the audited companies.

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

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

#### Sustainability topics with a particular need for action

Three focus topics play an important role in responsible supply chain practices due to their strong connection with other Siemens sustainability activities. These include safeguarding human rights, including responsible sourcing of minerals, lowering CO<sub>2</sub> emissions in our supply chain, and ensuring health and safety, especially on project construction sites.

#### Responsible sourcing of minerals

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

To this end, we have developed principles for the responsible sourcing of minerals (Responsible Minerals Sourcing Policy) and integrated them into our purchasing process. These principles offer a uniform, company-wide standard for supply chain management in this area. Our approach to these topics is geared toward the risk-based requirements of the OECD's Due Diligence Guidance. To determine the use, sources, and origins of these minerals within our supply chains, we investigate the smelting plants involved. Siemens is a member of the Responsible Minerals Initiative (RMI), an organization of more than 400 industrial companies that provides auditing programs for smelting.

We use the Conflict Minerals Reporting Template (CMRT) published by the RMI to survey our more than 2,600 relevant suppliers and elicit the information we need about smelters in our supply chain that are associated with the production of tin, tantalum, tungsten, and gold (3TG).

We share our findings regarding identified smelters with our RMI partners. The initiative then reviews whether the smelters are certified. Siemens is an active member of the Responsible Minerals Assurance Process and urges the decision-makers of smelters that are not yet certified to participate in audit programs. In this process, Siemens supports the smelters as they move toward the final audit and certification. Individual results are communicated on the RMI website: [WWW.RESPONSIBLEMINERALSINITIATIVE.ORG](http://WWW.RESPONSIBLEMINERALSINITIATIVE.ORG)

Based on the European Commission's risk definition relating to "armed conflict," "regions with weak or no governance," and "regions where human and people's

rights are systematically violated,” Siemens also applies its established risk assessment system to evaluate further minerals beyond the 3TG grouping. Cobalt is one of the minerals or metals that have been incorporated into the Siemens due diligence process following RMI’s development of an auditing standard and reporting specifications for cobalt (CRT) in addition to its 3TG due diligence process specifications. Siemens now also conducts supplier audits for cobalt, focusing on battery manufacturers.

Further information and the text of our Responsible Minerals Sourcing Policy can be found at

[WWW.SIEMENS.COM/RESPONSIBLEMINERALS](http://WWW.SIEMENS.COM/RESPONSIBLEMINERALS).

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

As part of the Siemens Carbon Neutral Program and our reporting to the CDP, we publish the upstream greenhouse gas emissions caused by our suppliers. In our Carbon Reduction@Suppliers approach, which is implemented with an external partner, we prepare analyses based on economic data to model the CO<sub>2</sub> footprint for each one of our suppliers.

So, in 2021 the supply chain emissions for our Siemens DEGREE ambition (Siemens without SHS) were reduced by 0.6% to 8,048 kt CO<sub>2</sub>e since – for the first time – we included our suppliers’ CO<sub>2</sub> reductions which they already had executed. Taking the 1.5% increase of our Procurement Volume into account, the CO<sub>2</sub> emissions were reduced by more than 2%.

#### **Description of the “Carbon Reduction at Suppliers” program**

In 2018/19, we set the basis of this program when we contacted and surveyed more than 9,000 suppliers in over 90 countries and then worked extensively on a process for identifying our suppliers’ CO<sub>2</sub> footprints and reducing emissions through individual agreements on targets.

Today we use a web-based tool known as the “Carbon Web Assessment (CWA),” which shows our suppliers the highest CO<sub>2</sub> emitters in their

operations and explains how these emissions can be sustainably reduced. In a second part, the supplier’s primary data can be queried.

This tool is based on the following methodology:

- The basis is the model calculation of our external partner, which divides our suppliers into product and service categories and assigns an industry average for CO<sub>2</sub>. This value is supplemented by a country-specific figure for CO<sub>2</sub>, also based on internationally available data.
- Since early 2021, we ask our suppliers to inform us about their implemented CO<sub>2</sub> reduction measures and their CO<sub>2</sub> management via CWA. Based on the given answers, we update the calculated CO<sub>2</sub> reductions and their remaining footprint.

Detailed information on this development and the CWA is provided at [WWW.SIEMENS.COM/CARBON-SUPPLIERS](http://WWW.SIEMENS.COM/CARBON-SUPPLIERS).

In fiscal 2021, we contacted 7,100 suppliers and by the end of this fiscal year we had received more than 1,800 answers reporting the efforts to reducing their CO<sub>2</sub> footprint. Their answers resulted to an average reduction of 7.6% against our formerly calculated CO<sub>2</sub> footprint, respectively an absolute amount of 104 kt CO<sub>2</sub>e.

#### **Enforcing occupational safety at construction sites**

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

3.4

# Cybersecurity and data privacy

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



17 PARTNERSHIPS FOR THE GOALS



- Aiming for a leading role in cybersecurity
- Global expertise and governance structures
- Data protection is part of the compliance system

## Cybersecurity rapidly gaining in importance

Digitalization is involved in so many aspects of our lives. Hospitals, factories, power plants, power grids, water systems, intelligent infrastructures, connected mobility – digital systems have become indispensable in many sectors of the economy. Wherever large volumes of information are stored, potential criminal attacks are never far away. That makes cybersecurity one of today’s most relevant issues – not just for companies but for society as a whole. And its relevance is expected to increase over the coming years. It will be a crucial instrument for helping businesses safeguard critical infrastructures, protect sensitive information, and ensure their business continuity.

It’s easy to see why secure digital systems are so necessary: The Internet of Things (IoT) is one of the driving technologies behind the digitalization of industry, just as it also drives nearly all Siemens business fields. And as one of Siemens’ strategic goals, this digital transformation will only succeed if Siemens can be certain that data and connected systems will remain secure. So, cybersecurity is a top priority for Siemens.

An approach that covers all levels simultaneously – from the operational level to the field level and from access control to copy protection – is absolutely essential to keeping industrial facilities comprehensively safe from internal and external

cyberattacks. Siemens recognized early on that cybersecurity would be an integral part of the digital revolution, and it has successfully addressed the issue by creating a centralized cybersecurity ecosystem. The company has developed a holistic approach to cybersecurity that helps to provide the best possible protection for its IT<sup>1</sup> and OT<sup>2</sup> infrastructure as well as its products, solutions, and services.

Our new DEGREE framework addresses the topic of cybersecurity under “E” for Ethics. That commitment is further reinforced by Siemens’ participation in founding the “Charter of Trust” initiative to protect data and promote cybersecurity within a trustworthy digital world.

Siemens is certain that it will become more and more important to be able to trust the digital world. We’re a recognized industry leader in cybersecurity, and our goal is to protect data and continue to develop cybersecurity to create a more trustworthy digital world.

Our cybersecurity performance has won outside recognition from sustainability ratings and rankings. The DJSI, for example, has recognized us as a leading company relative to our peers.

The Cybersecurity Department works to be a trusted partner in the digital world for our society, our customers, and Siemens units themselves. Siemens can draw on decades of expertise: The company’s small IT security team back in 1986 has grown to a staff of about 1,300 cybersecurity experts. They develop and adopt leading technologies, leverage our internal network, and maintain a dialog with other companies. We want to continuously improve resilience through clear, holistic accountability and ownership. We rely on a culture of

<sup>1</sup> Information technology  
<sup>2</sup> Operational technology

ownership for all aspects of cybersecurity. All of which gives Siemens a very broad foundation for protecting itself, its customers, and society at large.

Our Cybersecurity unit has the task of protecting our internal office environment and our Siemens plants around the world. We develop our own security solutions for that purpose, integrate them into our IT and OT environments, and are careful to provide continuous maintenance for systems throughout their life cycle.

To further enhance the cybersecurity business for Siemens AG, we're taking the next step: We're offering a selection of highly mature security services for our external customers. In close collaboration with the Business, we're defining our go-to-market strategy and making the most our access to our customers.<sup>1</sup>

### Responsibilities for cybersecurity clearly defined



A Cybersecurity Board (CSB) has been established to coordinate cybersecurity across the entire Siemens ecosystem. Chaired by the Global Chief Cybersecurity Officer, the Board is intended to steer the company's overall cybersecurity approach. The company units are represented on the CSB by their Chief Cybersecurity Officers. The Board provides a collaborative platform for advancing strategic initiatives throughout Siemens and its affiliated companies in order to address security issues and establish cybersecurity requirements and recommendations – which the company's various units then define more specifically for themselves. Collaboration agreements have also enabled the Chief Cybersecurity Officers at Siemens

Energy and Siemens Healthineers to participate in the CSB.

Since cybersecurity is a priority for top management, the Global Chief Cybersecurity Officer reports directly to the responsible member of the Managing Board, quarterly to the full Managing Board, and annually to the Supervisory Board.

The Cybersecurity Department tracks the following issues and carries out the following activities:

- Measures in information technology, operational technology, and product and solution security
- Cybersecurity risk management
- Monitoring and reporting on the status and progress of cybersecurity measures and checks
- Cyber readiness and second line of defense assessments<sup>2</sup>
- Mandatory global cybersecurity awareness measures and annual IT cybersecurity global awareness trainings
- Coordinating the joint bodies (such as the CSB), tasks, and topics by central and local cybersecurity teams in the businesses and countries
- Strengthening cybersecurity at a global level in different industries beyond company boundaries through the activities of the Charter of Trust:<sup>3</sup> for example, through its Board of Directors, management forum, and various task forces. The Cybersecurity Department is also a service provider for the entire Siemens cybersecurity ecosystem.

The **cybersecurity organization** was developed:

- To protect Siemens' infrastructure and products from cyberattack
- To monitor the threat landscape and initiate the necessary measures to ensure cyber resilience
- To identify, assess, and call attention to cybersecurity risks and actively manage them

<sup>1</sup> <https://new.siemens.com/global/en/products/services/cybersecurity.html>.

<sup>2</sup> <https://new.siemens.com/global/en/products/services/cybersecurity/assessments-for-operational-technology.html>

<sup>3</sup> <https://www.charteroftrust.com/>

- To apply country-specific laws and regulations that affect our products, solutions, and infrastructure and take action accordingly
- To reduce the risk of harm to customers
- To reduce the risk of business interruption
- To prevent a loss of reputation and market share
- To minimize risk of penalties

Ensuring cybersecurity calls for an effort from every one of our people, both to protect our products, solutions, and services and to safeguard our own IT/OT infrastructure. This lays the groundwork for our customers to be able to buy products and solutions that meet their security requirements, and with which they can run their own systems reliably and securely.

Siemens provides cybersecurity training for its employees every year. In 2020, 87% of all employees took part in the online cybersecurity training to protect the company.

The training courses were offered barrier-free for the first time in the financial year 2021. Therefore, the rollout was delayed by a few months and the participation rate was 79% on the reporting date. However, we assume that we will at least achieve the participation rate of the previous year.

### Cybersecurity insurance and risk analysis

To protect the company even more and reduce the potential financial impact of cyber incidents, options for risk transfer have been explored in detail. After an international call for bids for insurance, the currently insurable cyber-risks were transferred to a consortium of insurers. The coverage emphasizes losses caused by incidents such as breaches of information security and data privacy within Siemens or by third parties. Taking out cyber-insurance also supports Siemens' businesses, because our customers often require confirmation of cybersecurity risk coverage. The scope and limits of the risk transfer to the insurance market are reviewed annually.

The Siemens cybersecurity organization has also taken steps to further mitigate risk. These initiatives improve our cyber resilience by helping us better prepare for possible cyberattacks, respond to them more effectively, and recover from them more rapidly.

Here are some of the activities that aim to reduce these risks' probability and impact:

- The [Cybersecurity Improvement Program \(CSIP\)](#) was intended to reduce risk and protect Siemens' most critical assets by developing and implementing consistent security solutions. The CSIP was a four-year program that was concluded in September 2021.
- The paramount goal of Enhanced Microsoft Security (EMS) was to make the Siemens cybersecurity organization a cybersecurity leader by integrating native Microsoft technology while at the same time improving user-friendliness. This program concluded in fiscal 2021 and was succeeded by the Zero Trust program.
- The Zero Trust program will run for two years. It applies EMS findings to factories, business IT, and products. The program is based on the principle of "never trust, always verify" and aims to check each individual connection in real time and to permit only trustworthy communication.

The threat landscape is ever-changing and ever-expanding, so it's important to keep a constant eye on it and set up new initiatives and programs to ensure that we keep adapting and improving.

### Building high levels of cybersecurity into Siemens products and solutions

Siemens products, solutions, and services contain a significant amount of software and IT-related components, which in many cases are used in the context of critical infrastructures and could become more exposed to cyberthreats. Regulatory and customer-specific security requirements are increasing and need to be addressed by Siemens. Siemens has established a company-wide Product & Solution Security (PSS) initiative to define guidance and mandatory requirements for PSS and to continuously improve their implementation within the business units. This is managed, among other things, by means of the so-called PSS Maturity. PSS Maturity stands for a proprietary, standards-based maturity model, which shows the extent to which the established business and design processes are being expanded and constantly improved with regard to security activities and requirements. The maturity model covers several subject areas, which are measured at various levels and is adaptable to respective business. Evaluation is performed annually at the organizational level, the results are discussed with the unit management, and corresponding improvement programs are initiated. Continuous improvement and continuous learning are fundamental to implementing security by design.

### Proactively dealing with threats, incidents, and vulnerabilities

Siemens has established two teams for this purpose. Both Siemens CERT<sup>1</sup> and Siemens ProductCERT are dedicated teams of seasoned security experts who can provide an immediate response to security threats and incidents affecting Siemens products, solutions, services, or infrastructure.

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

ProductCERT handles security issues related to Siemens products and solutions. The Security Vulnerability Monitoring service has been operating for more than ten years and is constantly on the lookout for information on vulnerabilities in software and hardware components that are built into Siemens products or used in Siemens' IT infrastructure. Under the "Vilocify"<sup>2</sup> brand, this monitoring also lays the groundwork for external activities that offer the service to a broader customer base. New security recommendations are published each month in tandem with Microsoft Patch Day. Its goal of is to establish transparency, inspire trust, and improve planning reliability for customers, who appreciate the regular Siemens Security Advisory Day. We also work with external researchers and partners to monitor and improve our services.

<sup>1</sup> Computer Emergency Response Team

<sup>2</sup> <https://vilocify.com/>

### Protection of personal data

For Siemens, protecting the personal data of our customers, our people, and partners is an expression of responsible interaction. As digitalization advances, handling personal data is also becoming an increasingly important success factor. That's why processing personal data in compliance with applicable data protection laws, including the General Data Protection Regulation (GDPR), is of utmost importance to Siemens. Our DEGREE framework prioritizes handling data carefully – under "E" for "Ethics."

### Implementing data privacy requirements within the Group: The data privacy management system

To put data privacy into action throughout the Group, Siemens has made it an integral part of the Siemens compliance system. The company has put a data privacy management system into place to ensure that all our business activities comply with data privacy requirements, and that personal data is processed transparently for all concerned in compliance with the applicable law (referral to the Compliance chapter). [➤ COMPLIANCE](#).

The data privacy management system is composed of the following components that will effectively protect the personal data of our customers, business partners, and our people.

### Transparency and data subject rights

We believe transparency about processing is a key component of effective data protection. Our websites and digital products and solutions include data privacy policy statements that inform users about processing steps and data subject rights. The applicable data protection law focuses on protecting the people whose data is processed and grants them comprehensive data protection rights (including the right of access to processed personal data). To comply, Siemens has introduced a global process that provides a centralized hub where data subjects can assert their rights and get answers.

### Employees committed to data protection and regular training

Continuously keeping up with data protection requirements isn't just a task for IT – it also involves our people and processes. That's why internal regulations such as our Business Conduct Guidelines require every employee to comply with data protection requirements.

Siemens employees also receive regular trainings on how to handle personal data that are tailored to specific functions and target groups. In fiscal 2021, Siemens developed a new web-based data protection training program composed of an "Essentials" level that's mandatory for all employees who process personal data as part of their job, and specialized "Nuggets" designed for specific fields and target groups.

### Data transfers

Transfers of personal data within the Group are covered by binding internal data protection regulations: the Siemens Binding Corporate Rules on Data Protection (BCR). Back in 2014, Siemens was one of the first companies in Germany to introduce a mandatory, Group-wide instrument of this kind. With the BCR, Siemens Group companies around the world have an obligation to process personal data from data subjects in the European Union in accordance with European data protection standards.



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

### Data protection among our suppliers and partners

A holistic approach to data protection only works if data protection requirements are consistently observed and implemented within the Group and also by our external suppliers and partners. Our suppliers and partners undergo a preliminary data protection audit and are required by contract to adhere to data protection standards.

### Data protection in our products and solutions (privacy by design)

Siemens wants to ensure that its products and solutions can be used in compliance with all relevant data protection rules. So for Siemens, privacy by design means that compliance with the law, transparency, informational self-determination, data minimization, and data security are already applied when functions and services are developed, and that they're incorporated into the design. This approach means that privacy by design is securely integrated into our product development processes.

Siemens is well aware that using its products and services may lead customers to entrust Siemens with processing one of their most precious assets: their data. If Siemens processes personal data for a customer, it does so under contractual terms that govern how the data is handled, including transfers to third parties.

### Documentation

Siemens documents the purpose, risk, and security standards applied to all of the Group's processing activities in a central database: the Register of Processing Activities. This register serves as a place to evaluate whether data protection law permits a given processing activity and to document compliance with the applicable laws.

### Inspection

The requirements and measures described in this section are subject to regular verification, and Siemens conducts risk-based data protection audits of its processing activities, products, and services. The focus of data protection audits in fiscal 2021 was on storing personal data on Siemens IT systems in compliance with the data protection laws, secure data exchanges between Siemens IT systems, security of systems where sensitive personal data is processed (for example, the IT infrastructure for company medical offices), and defending against phishing and similar attacks.

### Reporting data protection violations

A fast response is essential in the event of a data protection violation. This is the only way to ensure that these violations are terminated swiftly and that all involved parties both in-house and external (such as the data subjects and the regulatory authorities) are informed immediately. To facilitate this, Siemens has established a global Data Privacy Incident Process that uses central reporting channels and includes the relevant stakeholders.



# Environment

## Conservation of nature and resources



### Decarbonization

support the 1.5°C target to fight global warming

#### Our key ambitions:

- Net zero operations by 2030 in line with SBTi pathway<sup>1</sup>
- Net zero supply chain by 2050, 20% emissions reduction by 2030

#### Additional topics:

- Joining the EP100, EV100, and RE100 initiative<sup>2</sup>
- Portfolio to support customers in climate protection

### Resource efficiency

achieve circularity and dematerialization

#### Our key ambitions:

- Next-level Robust Eco Design for 100% of relevant Siemens product families by 2030
- Natural resource decoupling through increased purchase of secondary materials for metals and resins
- Circularity through waste-to-landfill reduction of 50% by 2025 and toward zero landfill waste by 2030

#### Additional topics:

- Improving energy efficiency by 10% until 2030
- Continuous increase in share of material recycling of total waste
- Phasing out single-use plastics at our sites worldwide

<sup>1</sup> SBTi: Science-Based Targets initiative.

<sup>2</sup> Improving energy productivity (EP), Use of electric vehicles (EV) and use of renewable energy (RE).

# Holistic environmental protection



As a company with many production facilities and office locations worldwide, our activities have a wide-ranging impact on the environment. This impact extends to everything including the production and conversion of raw materials, preproduction in the supply chain, our own manufacturing activities, our product development, use by customers, reuse and disposal, and utilization of transport services. It is primarily the result of energy utilization, land use, the emission of airborne pollutants, the emission of greenhouse gases, and the generation of solid and liquid waste – all of which can have negative effects on surface water, groundwater, the soil, biodiversity, and the climate.

Our main challenges include the reduction of the environmental impact of product utilization – a challenge that is already being met to a large extent by our products, which are characterized by long life cycles, reparability, reusability, and reliability as well as the minimal, low-emission utilization and/or consumption of energy, raw materials, auxiliary materials, and fuel.

In managing the environmental impact of our business activities, we go beyond mere compliance with the applicable statutory requirements. We reconcile economic, environmental, and social requirements and honor our responsibility to society. Our forward-looking commitment strengthens our customers' competitiveness and lays the foundation for our future success. It includes the identification and active management – often in collaboration with our business partners – of the environmental impact of all our activities along the entire value chain.

Siemens' activities are based on its own environmental guidelines. A member of Siemens' Managing Board is appointed to ensure their implementation. The

responsibility for implementing our environmental principles is defined in the EHS Principles, a Managing Board guideline. Our Global EHS board of experts develops environmental protection measures and programs and, together with our Sustainability Board, advises the Managing Board member responsible for environmental protection. The EHS experts and the sustainability officers in our business areas help line managers implement our environmental guidelines and programs. The company's environmental risks and opportunities are assessed in terms of uniform criteria and reported to the Siemens Enterprise Risk Management Team in Siemens AG's Environmental Council, which comprises the environmental experts of the company's businesses and regional organizations as well as experts in corporate governance, environmental protection, supply chain management, sustainability, real estate management, and insurance. Operational environmental management is based on the ISO 14001 and 50001 norms for energy-intensive units and on the IEC 62430 norm for the environmentally compatible design of solutions, services, and products that are implemented via our own binding standard.

## DEGREE defines the framework for ambitious environmental programs.

Our environmental programs are embedded in our DEGREE sustainability framework and focus on the reduction of greenhouse gas emissions and increasing resource efficiency along the entire value chain. Through our commitment to the Science Based Targets Initiative, we are supporting the achievement of the 1.5-degree Celsius target set by the Paris Climate Agreement, while Eco Efficiency @ Siemens, our resource efficiency program, is helping reduce all our environmental impacts by fostering the circular economy and the general dematerialization of business processes.

Eco Efficiency @ Siemens



**Responsible Product Development**

Products and solutions are at the core of business. Evaluating our portfolio and applying an eco-design approach to relevant product families supports us in selling eco-efficient products and solutions.



**Clean Supply Chain**

A clean supply chain is central on the path to decoupling natural resource use. Which is why we will be sourcing more secondary materials and take continuous action to initiate the replacement of regulated substances according to IEC 62474.



**Efficient Own Operations**

Efficiently managing our own production sites and offices continues to be key in our environmental approach, particularly by enhancing waste management practices and using clean energy effectively.

In joining the Science Based Targets Initiative, Siemens has committed itself to further reducing all greenhouse gas emissions generated along the entire value chain. Our goal is to reduce the CO<sub>2</sub> emissions from our business operations to the point that our business segments' contribution is compatible with the 1.5-degree Celsius target in terms of the recognized climate models. Measures at our business operations – such as the electrification of our vehicle fleet, the conversion to green electricity, and building optimization – as well as in the supply chain and the expanded value chain will play a key role in target achievement. The related ambitions are bundled under the “D” for decarbonization in our DEGREE framework.

Eco Efficiency @ Siemens focuses on Robust Eco Design – the design of products, services, and solutions to meet strict standards of environmental compatibility. Our procurement and production activities also consider resource efficiency, addressing the twin goals of increasing the share of secondary materials in plastics and metals, and continuously reducing the share of materials which pose potential risks to health and the environment. Although the share of renewable energies is now high and will increase further, we aim to additionally increase energy efficiency in our operations and offices. We have also undertaken fostering the circular economy and dematerialization by further reducing landfill

waste and promoting the elimination of waste materials. Our products' environmental aspects will also be included in our customer feedback system in order to continuously generate and implement feedback regarding their Robust Eco Design. Launched this fiscal year, Eco Efficiency @ Siemens will run until 2030. Time-limited environmental initiatives – such as projects in the areas of water, biodiversity, and packaging – round out our environmental program.

In a rapidly expanding global economy characterized by ongoing urbanization and world population growth, the importance of environmental protection will increase. Since the start of the EU Green Deal, at the very latest, it has been obvious that the creation of a greenhouse-gas-neutral planet will require a fundamental structural transformation of the market economy. The term “circular economy” defines a framework for moving from a linear, resource-intensive economy to a circular, resource-conserving form of value creation and for shaping such value creation accordingly. It is precisely for this reason that we have chosen to formulate a key element of the “R” for Resource Efficiency in our DEGREE framework as “the achievement of a circular economy and dematerialization”: we want to emphasize the compensation and rebound effects that are necessary for our new circular business model and innovative processes.

## 4.1

# Climate action



- **Our pledge: We are making a contribution to limiting global warming to 1.5 degrees Celsius**
- **Our targets: CO<sub>2</sub>-neutral business operations by 2030 and CO<sub>2</sub>-neutral supply chain by 2050**
- **Our path: Continuous reduction of emissions from business operations, collaboration with suppliers, and a portfolio that helps our customers protect the environment**

We have pledged to make an important contribution to decarbonizing the global economy, which scientists say must be done well before the end of the 21st century. We will achieve this goal with the aid of an appropriate governance structure, including strategy and risk management, and by acting in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, our products and solutions make an important contribution to decarbonization by our customers, while also presenting a business opportunity for Siemens.

We have strengthened our climate protection strategy with our validated 1.5 degree Celsius Science Based Target and by joining the initiatives [RE100 \(COMPLETE CONVERSION TO GREEN ELECTRICITY\)](#), [EV100 \(CONVERSION OF THE VEHICLE FLEET TO ELECTRIC VEHICLES\)](#), and [EP100 \(NET-ZERO EMISSION BUILDINGS\)](#). As key elements of our management approach, the reduction of CO<sub>2</sub> emissions in the company's own operations is embedded in the Long-term Incentive (LTI) compensation component of the senior management of Siemens (excluding SHS), and our business units are charged with the responsibility of reducing their respective emissions. [REFERENCE TO SUSTAINABILITY IN MANAGEMENT COMPENSATION](#)

Our approaches to reducing emissions target the entire value chain. During the use phase of our products, the main source of CO<sub>2</sub> emissions is the use of electrical energy. Consequently, the key levers for lowering emissions during the product use phase are to boost energy efficiency and promote digitalization. CO<sub>2</sub> savings are calculated and reported for the products of the Siemens Environmental Portfolio.

Our binding climate protection targets and measures are grouped within the "D" (Decarbonization) category of our DEGREE framework for sustainability at Siemens.

## Transparency on greenhouse gas emissions

We report our greenhouse gas emissions on the basis of the Greenhouse Gas Protocol corporate standard published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Direct greenhouse gas emissions (Scope 1) arise from sources that are in the company's possession or under its control. Indirect greenhouse gas emissions (Scope 2) arise from the use of purchased electricity and district heating. Since fiscal 2016, we have also reported upstream Scope 3 emissions, arising within our supply chain, from sources such as business travel, capital goods, fuels, and energy-relevant activities and shipments. Scope 3 emissions from our supply chain have been calculated using a cross-regional, macroeconomic input-output model based on our volume of purchased goods and services. We are reporting downstream Scope 3 emissions, including those arising from the use of our products, our investments, employee commuting, and work-from-home activities, for the first time in 2021.

#### 4.1 Climate action

##### Greenhouse gas emissions (Siemens AG)

| (in 1,000 metric tons of CO <sub>2</sub> equivalents) | Fiscal year    |                   |
|---|----------------|-------------------|
|   | 2021           | 2020 <sup>1</sup> |
| Scope 1   | <b>386</b>     | 424               |
| Scope 2 <sup>2</sup>                                  | <b>208</b>     | 253               |
| <b>Sum Scope 1 and 2</b>                              | <b>595</b>     | <b>678</b>        |
| Scope 3   |                |                   |
| <i>Purchases goods &amp; services</i>                 | <b>8,813</b>   | 8,607             |
| <i>Capital goods</i>                                  | <b>381</b>     | 419               |
| <i>Fuel and energy-related activities</i>             | <b>263</b>     | 282               |
| <i>Waste in operations</i>                            | <b>24</b>      | 28                |
| <i>Transportation upstream</i>                        | <b>797</b>     | 740               |
| <i>Business travel</i>                                | <b>63</b>      | 126               |
| <i>Employee Commuting<sup>3</sup></i>                 | <b>94</b>      | 94                |
| <i>Sum Scope 3 Upstream</i>                           | <b>10,435</b>  | 10,296            |
| <i>Use of sold products</i>                           | <b>453,350</b> | 483,813           |
| <i>Investments</i>                                    | <b>5,486</b>   | 13,582            |
| <i>Sum Scope 3 downstream</i>                         | <b>458,836</b> | 497,395           |
| <b>Total Scope 3</b>                                  | <b>469,271</b> | <b>507,691</b>    |

<sup>1</sup> The extrapolation method for scope-1 and scope-2 emissions was adjusted in fiscal 2021 and hence fiscal 2020 values adapted. For further information, please refer to the chapter [REPORTING METHOD](#).

<sup>2</sup> We calculate our emissions from electricity consumption on the basis of the CO<sub>2</sub> emission factors of local sites according to the market-based approach.

<sup>3</sup> Not part of supply chain emissions reduction.

### Climate protection targets within the value chain

#### Siemens SBTi commitment

By joining the Science Based Targets Initiative, Siemens has pledged to reduce emissions from its own operations (Scope 1 and 2) by 50% by the year 2030 and its Scope 3 emissions (upstream and downstream) by 15% compared to 2019. These targets evince our commitment to make a contribution to limiting global warming to 1.5 degrees Celsius and keeping climate change in check.

By extending the “Carbon-Neutral 2030” program that was first launched in 2015, our new Science Based Target now applies to the entire value chain. Moreover, we have pledged to speed up the physical reduction of CO<sub>2</sub> emissions in our own business operations.

Thus, our former “Carbon Neutral 2030” program on the one hand has been subsumed into our Science Based Target and, on the other hand, will be continued under the title “Net Zero 2030” for our business operations as part of our DEGREE framework for sustainability. By committing to the Science Based Targets, we have pledged to reduce the CO<sub>2</sub> emissions from our own business operations by 50% from 2019 by the year 2030. We will then offset the remaining CO<sub>2</sub> emissions with high-quality CO<sub>2</sub> certificates to achieve our “Net Zero 2030” target. At Siemens (excluding SHS), the integration of CO<sub>2</sub> reduction into the Long-term Incentive components of management compensation strengthens the responsibility of our operating business units. We have also issued an internal guideline defining the first parameters for the subsequently necessary procurement of CO<sub>2</sub> certificates with an emphasis on high-quality CO<sub>2</sub> certificates meeting established standards and making a positive contribution to the achievement of the Sustainable Development Goals, including those that are not related to climate protection.

By joining the RE100, we have pledged to convert our electricity consumption completely to electricity from renewable sources by the year 2030 at the latest. Green power currently accounts for 78% of our power consumption.

As part of our commitment to EV100, we are striving to convert our motor vehicle fleet completely to electric vehicles by the year 2030.

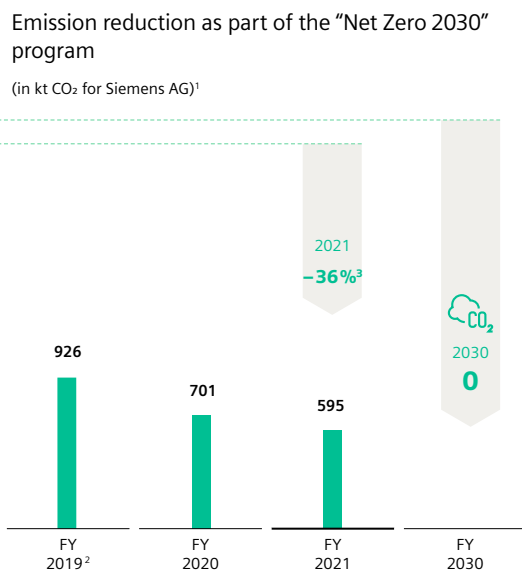
Our membership in EP100 bolsters our commitment to only owning or leasing buildings with no net CO<sub>2</sub> emissions by the year 2030.

With regard to Scope 3 emissions, we are particularly focused on reducing emissions within our supply chain. Therefore, the goal of Siemens (excluding SHS) is to reduce our supply chain emissions by 20% by the year 2030 and eliminate them completely by the year 2050. These targets are likewise part of our DEGREE framework.

### “Net Zero 2030”: Moving toward CO<sub>2</sub> neutrality

Siemens launched the global “CO<sub>2</sub>-neutral” program aimed at its own business operations in September 2015. Under this program, we reduced the carbon footprint of our own operations by 54% between 2014 and 2020 (as reported last year, including Siemens Energy), thus achieving our intermediate target last year.

Compared to the fiscal 2020, we reduced our Scope 1 and Scope 2 emissions by 83 thousand metric tons of CO<sub>2</sub> or 12% in 2021. Scope 1 and 2 emissions decreased by 36% since fiscal 2019, contributing to our SBTi commitment. This reduction is due primarily to the continued implementation of our energy procurement policies, as well as a number of other measures and initiatives, which are briefly described in the following.



<sup>1</sup> As reported in respective fiscal year.  
<sup>2</sup> As reported in FY 2020.  
<sup>3</sup> Compared to FY 2019.

### Use of renewable energy

Even before we joined the RE100 Initiative, we worked continuously to increase the share of electricity consumption represented by electricity from renewable sources. Our goal is to use 100% green electricity by the year 2030 at the latest. In fiscal 2021, more than 78% of our company-wide purchased electricity consisted of electricity from renewable sources. Thus, we reduced emissions by a total of 518 thousand metric tons of CO<sub>2</sub> per year compared to the average electricity mix.

Due to regulatory restrictions in countries such as Indonesia, Peru, and Ecuador, the complete conversion to green electricity is not yet possible at this time. Through our membership in RE100, we are attempting to have these regulations amended to make this conversion possible.

In purchasing green electricity, we follow the purchasing guidelines of the WWF’s “Next Generation Green Electricity” initiative.

Siemens and Stadtwerke München (SWM), Munich’s municipal utilities company, have entered into a power purchase agreement (PPA) for electricity derived from wind power: As of January 1, 2021, the new Siemens campus in Erlangen derives the majority of the green energy it requires from wind farms, which will lose access to subsidies under the German Renewable Energy Act (EEG) starting in 2021.

The use of biogas is another component of our decarbonization strategy. By using biogas, we have been able to reduce our annual emissions by 22.5 thousand metric tons of CO<sub>2</sub> compared to the use of conventional natural gas.

### Reduction of motor vehicle fleet emissions

We are working to reduce the emissions from our motor vehicle fleet, which comprises approximately 43,000 vehicles, and are striving to electrify it completely by the year 2030 as part of our EV100 commitment. These emissions totaled approximately 194 thousand metric tons of CO<sub>2</sub> in fiscal 2021.

By issuing a new motor vehicle fleet guideline and expanding our charging infrastructure to currently 1,472 charging points, we have increased the number of exclusively electric vehicles to 656 and the number of hybrid vehicles to 2,719. Thus, currently around 8% of our vehicles are pure electric vehicles or at least hybrid vehicles. We are striving to increase this proportion substantially in the coming years on the way to fulfilling our EV100 pledge.

Another component of our strategy to reduce fleet emissions is the introduction of a flexible company car model with battery-electric and hybrid vehicles for senior managers. With the aid of an app, senior managers can switch their company car at any time, change it to suit their needs, or even temporarily suspend the use of their company car entirely.

### Reduction of building emissions

With regard to building emissions, we want to own or lease only buildings with no net CO<sub>2</sub> emissions by the year 2030 as part of our EP100 pledge. We intend to achieve this goal by means of various measures such as building new CO<sub>2</sub>-neutral buildings, modernizing existing buildings, and leasing office space with the lowest possible emissions. When all other measures have been exhausted, we will purchase high-quality CO<sub>2</sub> certificates to offset the remaining emissions. Currently, 32 Siemens locations have no net CO<sub>2</sub> emissions during regular operations.

We have issued a new guideline defining principles for the CO<sub>2</sub>-neutral operation of new buildings and setting maximum permissible emissions in the supply chain and construction activities.

In 2021, the Nuremberg Chamber of Industry and Commerce for Middle Franconia awarded its "Sustainable Business Parks and Commercial Buildings" award to the Siemens Erlangen Campus. It was the only project in Erlangen and only one of three in the region to receive this award, by which the CIC's expert jury recognized the campus's "holistic sustainability concept with extensive employee offerings and mobility concept, as well as the hybrid wood design." In particular, the space-efficient design and greening of facades and roofs on the campus grounds were singled out for recognition.

The headquarters of Siemens Smart Infrastructure in Zug (Switzerland) has been under renovation since May 2021 with the goal of converting it to a CO<sub>2</sub>-neutral site by the year 2023. Investments of approx. €63 million are planned to achieve this goal.

Siemens Mobility Austria has installed a 500-kWp photovoltaics plant at its Vienna-Simmering location, which will generate enough electricity to power 110 households or 240 electric cars for a full year.

Under our New Normal Working Model, we permanently allow employees to work remotely for two to three days per week whenever possible. This new policy will reduce emissions from the use of our buildings and from daily commutes, while increasing the emissions generated by people working from home. We calculate the total emissions generated in Category 3.7 "Employee Commuting" as 94 thousand metric tons of CO<sub>2</sub> and the emissions caused by working from home as 22 thousand metric tons of CO<sub>2</sub> (use of IT equipment).

### Use of an internal CO<sub>2</sub> price

In the United Kingdom and Brazil, we currently use an internal CO<sub>2</sub> price to manage our decarbonization activities. In the United Kingdom, we charged a price of GBP 31 per metric ton of CO<sub>2</sub>, using a methodology based on the recommendations of the “High-Level Commission on Carbon Pricing.” Most of the proceeds were employed to support decarbonization activities in the area of heating systems, including the installation of a heat pump to replace a gas-fired boiler at our factory in Hebburn. In fiscal 2022, the price will rise to GBP 40 per metric ton in order to support the electrification of the motor vehicle fleet. In Brazil, USD 40 per metric ton of CO<sub>2</sub> is charged and the proceeds are used to finance decarbonization measures.

### Upstream emissions

Our upstream emissions are approximately 10.4 million metric tons of CO<sub>2</sub> equivalents (million metric tons CO<sub>2</sub>e) and are therefore considerably higher than the emissions in our own business operations. This is due to the fact that the operations in our supply chain are usually more energy-intensive than our own, primarily because they process raw materials. In our supply chain, as part of our upstream emissions, we have set the goal for Siemens (excluding SHS) of reducing the CO<sub>2</sub> emissions generated in our supply chain by 20% from 2020 by the year 2030 and in the long term of having a CO<sub>2</sub>-neutral supply chain by 2050. A detailed description of our efforts to this end is provided in the chapter Supply Chain. [➤ SUPPLY CHAIN.](#)

### CO<sub>2</sub> emissions arising in the use phase of our products

We offer our customers highly efficient and long-lived products that fulfill their function for a long period of time and are especially dependent on electricity for their operation due to our strategic focus on electrification, automation, and digitalization.

Therefore, emissions from the use phase of our products will continuously decrease over time due to new product generations as well as the continuous conversion to renewable energy in the users’ markets.

The use of our products sold in fiscal 2021 will cause emissions of 453.4 million metric tons of CO<sub>2</sub> in the operations of our customers during their anticipated useful lives, mainly due to the electricity consumed and the long service lives, given that the emissions to be generated over the entire assumed useful life must be reported in the year of sale according to the Greenhouse Gas Protocol. We calculate these emissions by application of the global power mix emissions factor of the International Energy Agency (IEA). As part of our Science Based Targets, we have pledged to reduce the Scope 3 emissions generated during the use phase of our products (Scope 3.11 “Use Phase Emissions”) by 15% from 2019 by the year 2030.

Our electric motors, which are highly efficient and have very long useful lives, are the main source of emissions in the use phase.

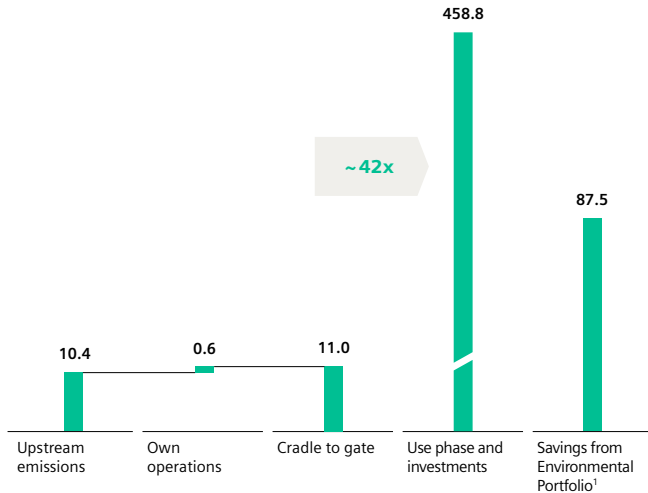
The use of trains powered by green hydrogen instead of diesel is one example for the reduction of emissions in the use phase of our products. In the joint funding project “H2goesRail,” the German national railway operator Deutsche Bahn and Siemens plan to deploy a train that can be powered by hydrogen (Mireo Plus H) in the Tübingen region in 2024, which will save approx. 330 metric tons of CO<sub>2</sub> per year when green hydrogen is used.

In manufacturing operations, the use of “SIMATIC Energy Manager” helps our customers visualize their energy consumption, assess potential energy efficiency savings, and compare key performance indicators across production facilities and factories. As a result, both energy costs and CO<sub>2</sub> emissions can be reduced.



Emissions from the value chain and savings by the Environmental Portfolio

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



<sup>1</sup> Total annual savings of products installed since 2002 by our customers and still in use in fiscal 2021.

Siemens Environmental Portfolio for climate-conscious product use

Our Environmental Portfolio is our biggest contribution to mitigating climate change. It comprises products, systems, solutions, and services (Environmental Portfolio elements) that meet one of the selection criteria defined 15 years ago when we began to collect data on the Environmental Portfolio, such as energy efficiency above a defined threshold value and the use of energy from renewable sources.

Due to portfolio changes in the direction of electrification, automation, and digitalization, not all portfolio elements that make a positive contribution to decarbonization, such as our digitalization portfolio and our energy-efficient electric motors, meet the currently applied selection criteria for the Environmental Portfolio. We are also preparing for the introduction of the EU Taxonomy, which will prescribe a new classification system for sustainable business activities. We therefore plan to revise our Environmental Portfolio in the coming fiscal year to reflect these changed framework conditions. The savings are calculated by comparison with reference solutions known as baselines. The Environmental

Portfolio elements mitigate adverse environmental impacts and reduce emissions of CO<sub>2</sub> and other greenhouse gases that are mainly responsible for climate change (CO<sub>2</sub> emissions).

The Environmental Portfolio technologies of Siemens that make the biggest contribution to the overall reduction of our customers' CO<sub>2</sub> emissions are components for smart and distributed power grids, frequency converters, rail transportation of passengers and goods, and building technology.

The revenues generated on the Siemens Environmental Portfolio amounted to €19.1 billion in the past fiscal year. Thus, our Environmental Portfolio accounted for 31% of our total revenues. In addition, our newly installed Environmental Portfolio elements helped our customers reduce their CO<sub>2</sub> emissions by another 8.4 million metric tons in fiscal 2021. Including all the Environmental Portfolio elements in use by our customers, we helped our customers reduce their CO<sub>2</sub> emissions by 87.5 million metric tons in fiscal 2021. CO<sub>2</sub> emission reduction at our customers therefore increased compared to the portfolio-adjusted value of 80.4 million metric tons in fiscal 2020.

Results of the Environmental Portfolio

Fiscal 2021



Revenue generated with the Siemens Environmental Portfolio (continuing operations, in € billion)

19.1



Greenhouse gas reductions in the reporting year at our customers through elements of the Environmental Portfolio newly installed in the reporting year (continuing operations, in millions of metric tons)

8.4



Greenhouse gas reductions in the reporting year through Environmental Portfolio products in operation at our customers' sites (continuing operations, in millions of metric tons)

87.5

Just as a declining emissions factor for global power generation will reduce our customers' emissions (Scope 3.11 "Use Phase Emissions") as a result of the rising share of renewable energy, it will also lead to lower reductions of our customers' CO<sub>2</sub> emissions even with comparable increases in energy efficiency.

More detailed information on our Environmental Portfolio reporting principles is presented in the Annex.

### Investment-related emissions

The financing solutions provided by Siemens Financial Services (SFS) enable infrastructure projects and technology that make a significant contribution to decarbonization. Specifically, SFS provides equity and debt financing solutions to support projects with a total installed capacity of more than 25,000 MW of wind energy, 12,000 MW of solar energy, and 480 MW of other renewable energy production (including battery storage) throughout the world.

To the extent that SFS committed to finance fossil fuel generation projects in the past fiscal year, the SFS financing contributions correspond to total emissions of approx. 5.5 million metric tons of CO<sub>2</sub> over the term of the projects (Scope 3.15 "Investments").

### Shaping climate policy frameworks

Beyond its own measures and activities, Siemens participates in committees and associations where it advocates further changes in the climate policy frameworks to support the following aspects:

- Using energy as efficiently as possible, advancing electrification, and increasing the share of energy from renewable sources,
- Accelerating the decarbonization of all sectors by means of sector coupling, among other measures,
- Redesigning energy markets to ensure adequate investments in sustainable, secure, and efficient energy systems,
- Accelerating the integration of highly flexible technologies such as energy storage batteries, in order to integrate renewable energy while also assuring system stability,
- Implementing a CO<sub>2</sub> price in order to integrate the actual costs associated with CO<sub>2</sub> emissions into business decisions. It should be high enough to set in motion a shift to low-carbon technologies in line with the pledges made in the Paris Agreement (COP21).

## 4.2

# Conserving resources



– **Recorded baseline values for the new Eco Efficiency @ Siemens environmental program and the DEGREE framework**



– **Equal treatment of primary and secondary energy in future calculation of energy efficiency**



– **Introduction of new waste categories such as materially recycled waste and landfill waste to support the improvement of the circular economy**



The “R” for Resource Efficiency indicates that an environmentally conscious use of limited resources is an integral part of the Siemens DEGREE framework. And the Efficient Own Operations category of the Eco Efficiency @ Siemens environmental program also situates dematerialization and the circular economy within the operational context of improving resource conservation. The focus here is on improving energy efficiency and reducing the environmental impact of our waste.

Decarbonization and dematerialization necessitate using electricity from renewable sources, because extracting energy from fossil sources inevitably also means consuming finite resources and generating environmentally harmful emissions. In this regard, exactly what the energy is used for is not a critical concern. For that reason, we no longer distinguish between electricity and heat – we consider both forms of energy together when it comes to improving efficiency. And since supplying all our locations’ energy needs from renewable sources will also have implications for biodiversity and resource consumption, we’ve set ourselves the goal of improving the energy efficiency of our production sites and offices 10% from the fiscal 2021 figure by 2030.

Siemens groups its principal strategies, targets, and measures for conserving resources and promoting a circular economy under the letter “R” for “Resource Efficiency” in its DEGREE sustainability framework. That also includes the ambition of reducing landfill waste from operations 50% from the 2021 figure by 2025 and staying on track to reduce landfill waste quantities further by 2030. We also want to increase the percentage of waste that can be recovered or recycled by 2030, and to encourage waste avoidance in the disposal of production machinery. We are also working to increase our waste efficiency even further. These targets are defined for Siemens excluding SHS.

Alongside the goals of the Eco Efficiency @ Siemens program, we are actively pursuing resource conservation in other areas as well: Further important areas of environmental protection at Siemens AG include recognizing and mitigating water risks, reducing emissions of volatile organic compounds (VOCs), and improving biodiversity.

## Efficiently managing global protection of the environment and resources

The global goals of the Eco Efficiency @ Siemens program are converted to local targets and measures with the aid of environmental and energy management system. All our sites have an environmental management system in place. At least 185 of our locations, 180 of which have been audited by external auditors, now have environmental management systems that comply with ISO 14001. Another 27 Siemens locations have implemented energy management systems compliant with ISO 50001.

To meet our responsibility to the environment, we not only look at our own areas of action, but also assess energy efficiency and waste reduction in the supply chain for energy-intensive products.

We take a holistic approach to air pollution by analyzing our emissions locally at our office and production sites, and also emissions of volatile organic compounds (VOCs) and ozone-depleting substances (ODSs) at our most important sites. Our internal environmental standard has now implemented these principles on a binding basis; some of the terms go above and beyond the requirements of local law. For all our sites that have significant energy consumption, we have explored the possibility of local power generation to improve energy efficiency.

Water is one of humanity's most important resources. So for some years now, our company has been analyzing water scarcity, water pollution, climate change, and the evolution of flooding and precipitation patterns at our sites, and we include the results in our business decisions, such as when choosing a site or adopting precautionary measures.

### Determining base values for the Eco Efficiency @ Siemens program in fiscal 2021

Following the successful conclusion of the Serve the Environment program, fiscal 2021 represents the base year for the new Eco Efficiency @ Siemens program for Siemens without SHS. The sum of primary and secondary energy represents the base figure for calculating future energy efficiency. The landfill waste from fiscal 2021 will set the base figure for assessing our reduction of this waste in the coming years.

### Energy use reduced

The use of primary energy decreased 3% in fiscal 2021. Consumption of natural gas and liquid petroleum gas also decreased from the previous year; the reduction here was also 3%. Heating needs, on the other hand, rose 22%. Only small amounts of other fossil fuels were consumed. Our electricity consumption decreased again slightly and is now 5,329 million gigajoules. In all, this yields a reduction of 7% in secondary energy.

To determine energy consumption by our company vehicles, we calculated the consumption of all cars used by employees and for services, as well as our trucks. In fiscal 2021 the company fleet consumed about 2.66 million gigajoules in fuel. The figure from the previous year was 2.53 million gigajoules. The increase of 5% can be traced back to the resumption of business travel as a consequence of the COVID-19 pandemic.

Total energy consumption of Siemens without SHS in fiscal 2021 came to 7,373 million gigajoules. This consumption will provide the basis for calculating the energy efficiency of the Eco Efficiency @ Siemens program.

### Emissions of air pollutants

In addition to the greenhouse gas emissions addressed in the chapter on climate protection, Siemens also gathers data on other emissions that result from our business activities and that are of great significance for environmental protection. These "volatile organic compounds" are used as solvents in paints and adhesives, and for impregnation and surface cleaning processes. They are precursors of ground-level ozone, and thus contribute to what is known as "summer smog." Siemens also monitors the use of substances that can potentially harm the ozone layer, to ensure compliance with the international Montreal Protocol on Substances that Deplete the Ozone Layer, as well as various national laws.

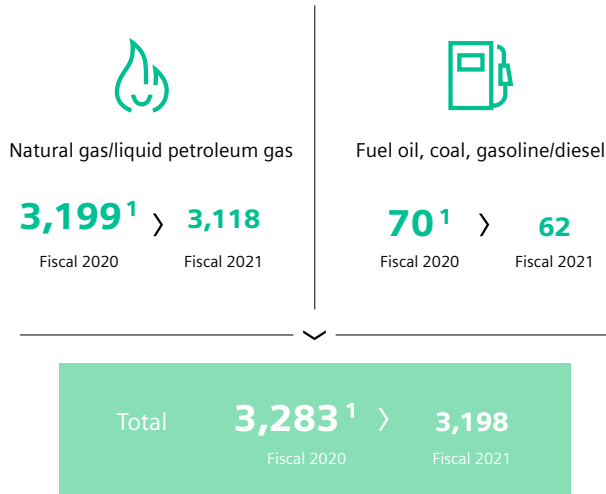
We reduced our emissions of volatile organic compounds by another 31% from the previous year, to 253 metric tons. This decline can be almost exclusively attributed to the sale of gear manufacturer Flender. Total emissions of ozone-depleting substances decreased by 0.05 metric tons of R11 equivalent and now come to 0.03 (R11 is one of the many substances that produce ODSs).

We determined the quantity of nitrogen oxides in our relevant thermal processes with the aid of computational procedures, assuming typical

## 4.2 Conserving resources

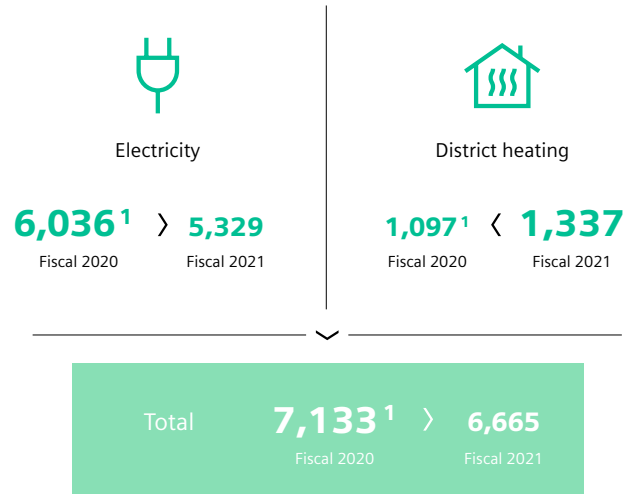
### Primary energy

(1,000 gigajoules)



### Secondary energy

(1,000 gigajoules)



<sup>1</sup> The extrapolation method was adjusted in fiscal year 2021 and hence fiscal 2020 values adapted. For further information, please refer to the chapter [REPORTING METHOD](#).

### Atmospheric pollutant emissions

| (in metric tons)   | Fiscal year |       |
|--|-------------|-------|
|  | 2021        | 2020  |
| Volatile organic compounds   | 253         | 368   |
| Ozone-depleting substances in metric tons of R11 equivalent <sup>1</sup> | 0.030       | 0.085 |

<sup>1</sup> The R11 equivalent is a measure of ozone depletion potential.

combustion conditions. For fiscal 2021 this yielded a figure of 93 metric tons for our environmentally relevant sites, compared to 94 metric tons the year before. This figure includes nitrogen oxides that are released in burning the fuels listed under primary energy.

### Efficient waste management

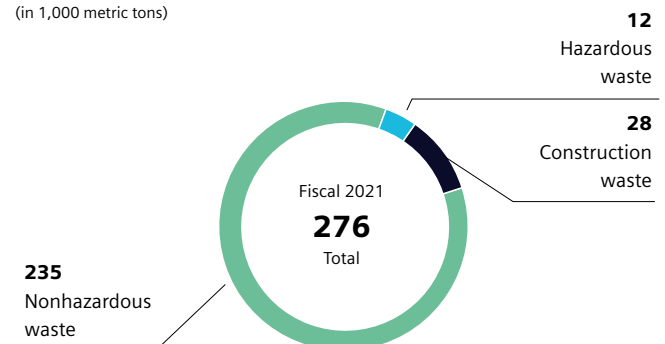
The environmental relevance of waste depends on the type of waste and the method used for its disposal. We distinguish between hazardous and non-hazardous waste, and between construction and demolition waste. We modified these waste categories this fiscal year. We can now distinguish thermal recovery from material recycling. The groups of hazardous and nonhazardous waste are each

further subdivided into groups of waste for recycling, thermal recovery, landfill, and other disposal. These new categories have been implemented for Siemens, excluding SHS. Waste flows from construction or demolition work are reported separately because these types of waste come about independently from production.

### Waste

#### Waste

(in 1,000 metric tons)



Year-on-year, nonhazardous waste decreased by 9%. The volume of hazardous waste decreased by 36% compared to the previous year. In both cases this decline can be almost exclusively attributed to the sale of gear manufacturer Flender. Construction waste decreased 76% over the same period. The sharp decrease in construction waste is mainly the consequence of the partial completion of the Siemens Erlangen Campus. In all, total waste was reduced 31% from fiscal 2020.

The quantity of landfill waste in waste for disposal came to 7 kt in fiscal 2021 for Siemens without SHS. This is the base value for our ambition under DEGREE and Eco Efficiency @ Siemens of reducing our landfill waste 50% from the current fiscal year's figure by 2025.

### Recycling and recovery

#### Recycling and Recovery

(in %)



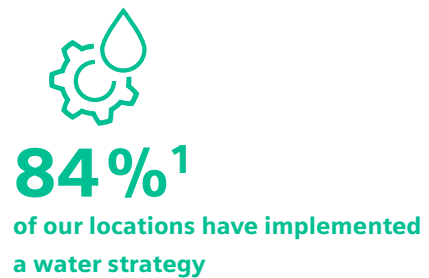
<sup>1</sup> Excluding construction waste.

The amount of materials recycled from waste as a percentage of total waste came to 83% for Siemens without SHS. All figures exclude construction waste. We plan to increase the percentage of recycled waste in the years to come. The quantity of recycled waste from fiscal 2021 will provide the base figure for this purpose.

The rate of recycling and thermal recovery remained almost unchanged, and is now 92%.

### Water risk analysis

The aim of our water strategy is to minimize the adverse local effects of our water consumption and use. Here we take account of such factors as water scarcity, water pollution, flooding, and the consequences of climate change. For the purpose, we analyzed our environmentally relevant locations using the Aqueduct Water Risk Atlas from the World Resources Institute (WRI). With the aid of additional internal analytical systems, Siemens assesses the risks that result on the local level from our sites' activities and sets them in relation to regional water risks. Locations found to have a high risk in this assessment must set targets to reduce it. In fiscal 2021, 84% of our locations had implemented this water strategy. The data shown do not include SHS. The percentage decreased from fiscal 2020 because additional locations were included in our environmental reporting. As part of our regular review of all water risk assessments, the water risk analyses for these newly included sites will be performed in the coming fiscal year, and the Siemens water strategy will be put into action there.



Our total water consumption decreased 2% from the previous year and is now 15.05 million m<sup>3</sup>. The largest share of our water consumption is for cooling processes. These processes leave the water's chemical quality largely unchanged, so that the water can be returned directly to the receiving water body or groundwater.

<sup>1</sup> Without Siemens Healthineers

## 4.2 Conserving resources

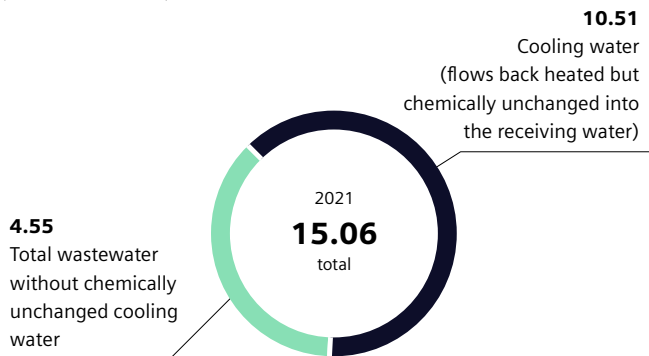
The total volume of wastewater, excluding chemically unchanged cooling water, came to 4.6 million m<sup>3</sup> in fiscal 2021. This is equivalent to a decrease of 9.6% from fiscal 2020. Most of the wastewater, excluding chemically unchanged cooling water, is sewage. The reduction in sewage wastewater can be partially attributed to the sale of gear manufacturer Flender. Additionally, the sale caused a substantial reduction of cooling water discharged as wastewater.

### Water withdrawal

| (in million cubic meters)   | Fiscal year  |              |
|---|--------------|--------------|
|   | 2021         | 2020         |
| Other water withdrawal  | 4.54         | 5.07         |
| Cooling water (flows heated, but chemically unchanged back into the receiving water system) | 10.51        | 10.26        |
| <b>Total</b>  | <b>15.05</b> | <b>15.33</b> |

### Wastewater

(in million cubic meters)



### Initiatives for greater biodiversity

Biodiversity is the variability among all living organisms from all sources and all the ecological complexes of which they form a part. When biodiversity declines, ecosystems and their benefits are threatened, which poses a threat to society's well-being and has an adverse impact on human health. Biodiversity is an important aspect of Siemens' environmental management, and many locations are pursuing measures to promote biodiversity. To further raise awareness of aspects of biodiversity, in the past fiscal year experts prepared several video presentations for our people, our people prepared and distributed internal informational materials for Biodiversity and Environment Day, our people were encouraged to take action on their own, and a corporate biodiversity site was set up on the intranet. The new site includes information and contacts for local initiatives, shown on a virtual map. The initiatives have given rise to a great many activities, such as setting up nest boxes for wild bees, planting insect-friendly meadows, supporting birds' nesting, planting and preserving forests, and preserving existing biodiversity in planning and carrying out construction work, as we have done for instance at our new campus in Erlangen.

### Incidents relevant to the environment, and fines

Siemens uses a worldwide reporting system to document environmental incidents. In fiscal 2021 we recorded 14 minor incidents: These involved spills of dye, diesel, hydraulic oils, or resins. Furthermore, 5 losses of coolants were reported and a minor fine.

For more information about the methods used, environmental reporting, and environmental data collection, see the chapter [REPORTING METHOD](#).

## 4.3

# Product stewardship



- **Robust Eco Design to increase resource efficiency throughout the life cycle**
- **Extensive revision of the Siemens Standard for the environmentally friendly design of products and solutions**
- **Clear commitment to material efficiency by increasing the proportion of secondary raw materials, reducing substances of very high concern, and paying attention to recyclability in product design**

## Environmentally friendly product design on the basis of established standards

The rising expectations of society for corporate environmental responsibility have led to stricter legislation, but also increasing demands on the part of our customers and investors. This trend has also increased the strategic importance of eco design, meaning the consideration of environmental aspects in the design of products, services, and solutions throughout the life cycle.



## We focus on resource efficiency over a product's entire life cycle

The environmental impacts of products, services, and solutions are largely decided already in the specification of design requirements. Fundamental eco design approaches at Siemens include increased resource efficiency and decarbonization in production, increased productivity and efficiency during use, and product construction designed to improve recyclability. In accordance with the international standard IEC 62430, Siemens enforces its own global environmental standard, which comprises binding

specifications for the environmentally friendly design of the products and solutions of its business units. The implementation of this standard is the responsibility of the heads of the operating business units and is an integral part of the annual environmental review according to ISO 14001.

In the development of our eco design approach, we focus mainly on increasing the resource productivity of our solutions in the applications of our customers by striving for the optimal interaction of products and services throughout the life cycle. We currently see increasing the efficiency of manufacturing and infrastructure solutions as the most effective lever for reducing environmental impacts. Other strategic aspects of our environmentally friendly product design relate to the specification of requirements for the production and material composition of products and solutions aimed at improving recyclability in order to continuously optimize material efficiency over the entire product life cycle.

This approach is embedded in our new Siemens DEGREE framework as "R" for Resource Efficiency. Accordingly, we strive to refine our eco design approach by intensifying the use of life-cycle assessments and environmental product declarations, and by paying greater attention to service and recycling aspects in designing our products. Our ambition is to apply the extended "Robust Eco Design" approach to all products, services, and solutions by the year 2030 in order to increase the number of life-cycle assessments and environmental product declarations, raise the proportion of secondary materials, and improve recyclability. Siemens therefore also espouses the European Green Deal, the goal of which is to transition to a modern, resource-efficient, and competitive economy. The European Commission presented an action plan for the circular



economy in March 2020. This document shows how products can be designed more sustainably, supports circular economy processes and sustainable consumer behavior, and also aims to prevent waste and keep resources in circulation for as long as possible by means of recycling. The EU has enacted a ban on disposable plastic products with the goal of reducing waste quantities in the medium-term future. As of July 2021, the law prohibits the production of certain disposable plastic products in the EU. These issues have now been taken up by Siemens and are being addressed in a dedicated Green Deal project.

#### Exercising product stewardship with DEGREE and the environmental program Eco Efficiency @ Siemens

Toward the goal of product stewardship as it relates to environmental protection, the comprehensive environmental program Eco Efficiency @ Siemens sets particular priorities in the categories of "Robust Eco-Design" and "Clean Supply Chain."

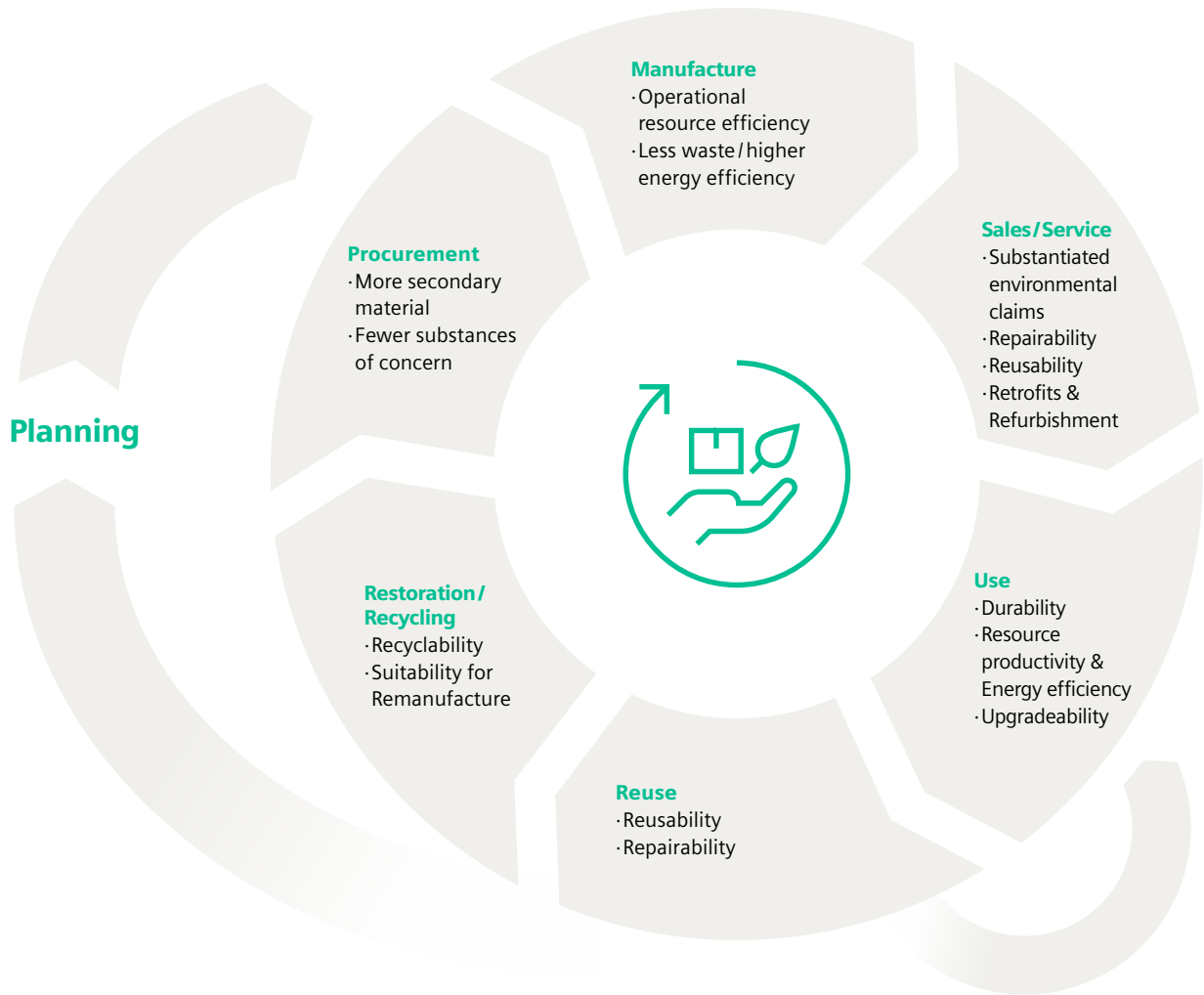
The principal idea behind "Robust Eco Design" is to assess and improve the environmental impacts of our products, solutions, and services on a sound, comprehensive basis. To this end, the following criteria are applied systematically:

- Use perspective: In portfolio and product life-cycle management, the environmental performance of relevant product families is assessed from the perspective of use, the market, and customers by incorporating questions regarding environmental requirements for homogeneous product families into customer surveys, among other steps.
- Solid foundation: The quantitative assessment of the environmental impacts of relevant product families is applied as the basis for eco design characteristics and environmental product declarations.
- Materials reduction: The principles of materials reduction such as attention to reparability, reusability, and recyclability are reflected in the requirement specifications.

When a product, service, or solution meets all the criteria, it is deemed to fulfill the principles of "Robust Eco Design" (RED), meaning a design that fulfills both business and environmental requirements. To this end, products are assigned to technically homogeneous product families in the business units and checked against the RED criteria. A given homogeneous product family could meet the criteria in full or in part or not at all. If a criterion is completely fulfilled, all revenue generated on the product is attributed to fulfillment; if it is only partially fulfilled, only 25% of revenue is classified as such; if it is not fulfilled at all, the corresponding revenue is disregarded. Based on the degrees of fulfillment of the individual RED criteria, the average value is applied as the RED implementation degree of the given product family. The revenue share of the RED-conformant portfolio is then calculated by multiplying the RED implementation degree by the revenues of the given product families. The implementation degree KPI for "Robust Eco Design" is calculated as the ratio of the total RED-conformant revenue shares to the total revenues of the relevant product families. Our goal is to embed "Robust Eco Design" in the life-cycle management processes for all relevant product families by the year 2030, with a current focus on tangible products such as hardware, for example. In 2021, the share of revenues generated on relevant product families that meet the criteria of "Robust Eco Design" was 55% and the "Robust Eco Design" (without SHS revenues and internal services such as real estate) implementation degree was 26%.

The "solid foundation" criterion of the "Robust Eco Design" approach also goes beyond the previous requirements for life-cycle assessments and environmental product declarations insofar as the fulfillment of this criterion now also requires application at the level of product families. For the current orientation of the "Robust Eco Design" approach, coverage by full-scale life cycle assessments (for purposes of "solid foundation") and environmental product declarations (as environmental statements) play a role at the product family level and form part of the RED KPI.

Eco Efficiency @ Siemens Robust Eco Design approach



Another essential aspect of the “Responsible Product Development” program category is systematic surveys of customers to determine their challenges and the environmental protection requirements of their applications. To this end, questions on this subject will be added to the customer satisfaction surveys by the year 2030 in order to develop innovative solutions to help reduce adverse environmental impacts in the future.

The tasks in the program category of “Clean Supply Chain” are directly derived from the “material reduction” criterion of the “Robust Eco Design” approach. Our goals are to increase the proportion of secondary materials for metals and plastics and

reduce the share of our revenues generated on products that contain substances of very high concern for environment and health by the year 2030. With regard to secondary materials, we focus on suppliers of raw materials and semi-finished products made of metal and plastic who can be directly influenced by way of appropriate specifications.

For metals with a main mass consisting almost entirely of iron, copper, and aluminum, we calculated a proportion of 38% in the past fiscal year. This proportion is calculated as the weighted average of the shares of secondary materials in the three above-mentioned metals on the basis of regional or global average values derived from the literature. For

plastics, the proportion of secondary materials is less than 1 % because suitable recycling chains have not yet been fully established for technical plastics. Moreover, the corresponding product specifications and standards have been upgraded.

Another essential aspect of a “Clean Supply Chain” is the reduction of substances of very high concern, such as declarable substances, which will be explained in greater depth in the next section. All targets mentioned above must be achieved in order to decisively improve resource efficiency and reduce environmental impacts. We are working on this goal together with our business partners.

program. In addition, internal IT methods and processes have been continuously adjusted with the goal of taking a more proactive and safe approach to the use of materials and substances and in order to more efficiently fulfill the declaration requirements such as those of the EU SCIP database and IEC 62474.

Currently, up to 67% of our sales (without sales of SHS) are still achieved with products that contain substances or substance groups listed among the regulated substances according to IEC 62474. This transparency enables us to take continuous action to initiate their replacement, whenever this is technically possible and reasonable.

Examples of solutions to increase resource efficiency at Siemens

|   |   |  |   |
|---|---|--|---|
| <p><b>SIHARBOR</b><br/>port</p>   | <p><b>Siveillance</b><br/>Access Mobile<br/>access solutions</p>  | <p><b>MindSphere</b><br/>IoT Platform<br/>energy<br/>management</p>            | <p><b>Easy Sparo-</b><br/>vation Part<br/>Rail spare<br/>parts</p>  |
| <p>Digital industries (DI) / Large Drives Applications (LDA) provide a solution for energy supply for ships at ports to improve air and noise pollution</p> | <p>Smart Infrastructure (SI) develops digital key software as a service solution to support its customers in becoming more resource efficient</p> | <p>DI solutions make customers assess and improve their energy consumption</p> | <p>Additive manufacturing of spare parts improves material efficiency and product weight, implements, circularity, reduces CO<sub>2</sub> footprints.</p> |

**Risk-conscious handling of declarable substances**

Another essential aspect of product stewardship is the responsible handling of problematic and potentially harmful substances, such as those regulated by the EU REACH Regulation. Under the earlier “Product Eco Excellence” (PrEE) program, we established important foundations for the digital, automated, and therefore efficient data processing of the corresponding substance data by fiscal 2020. For example, the level of usage of the industrial substances data platform known as BOMcheck by our suppliers has been increased as part of the PrEE

**“reThink:Plastic@Siemens”**

In view of the greatly increased use of plastics in a wide range of applications, Siemens has decided to address this issue with a strategic initiative known as “reThink:Plastic@Siemens” in order to make a contribution to the responsible, sustainable use of plastics as part of the company’s commitment to product stewardship. In the analysis conducted under this initiative, we found that plastics are being used more and more for technical and economic reasons, but they also offer ecological advantages compared to other materials in most cases. A detailed analysis of the plastics used by Siemens generally shows that

#### 4.3 Product stewardship

a distinction must be made between the use of technical plastics in products with average life cycles of 10 to 30 years and the use of basically disposable plastics used in packaging, for example. The use of plastics in packaging was analyzed in detail and confirmed in fiscal 2021. It was shown that plastics used in transport usually generate lower environmental impacts such as CO<sub>2</sub> emissions, for example, due to the lower weight of such plastics compared to other materials. The results of this analysis were also incorporated into the Siemens Environmental Standard and will now additionally be tracked in a software in order to provide even more effective support to the environmentally friendly design of packaging.

As part of the “Robust Eco Design” approach, the company strives to increase the proportion of secondary raw materials in the technical plastics used in the company’s products.

# Social Contribution to people and society

3 GOOD HEALTH  
AND WELL-BEING



4 QUALITY  
EDUCATION



5 GENDER  
EQUALITY



8 DECENT WORK AND  
ECONOMIC GROWTH



10 REDUCED  
INEQUALITIES



11 SUSTAINABLE CITIES  
AND COMMUNITIES



17 PARTNERSHIPS  
FOR THE GOALS



## Equity

foster diversity, inclusion, and community development to create a sense of belonging

### Our key ambitions:

- 30% female share in Top Management by 2025
- Access to employee share plans: maintain high level and expand globally to 100%<sup>1</sup>
- Global commitment to the New Normal Working Model<sup>2</sup>

### Additional topics:

- Support for our people through attractive employer benefits and offers
- High appreciation for diversity through “Diversity Charter”
- Social engagement with three strategic priorities

<sup>1</sup> Where legally possible and reasonable.

<sup>2</sup> For employees with job profiles that make this possible and reasonable.

<sup>3</sup> LTIFR: Lost Time Injury Frequency Rate (of Siemens employees and temporary workers) baseline FY 2020.

## Employability

enable our people to stay resilient and relevant in a permanently changing environment

### Our key ambitions:

- Double digital learning hours by 2025
- Access to employee assistance program: maintain high level and expand globally to 100% by 2025
- 30% improvement in Siemens’ globally aggregated LTIFR<sup>3</sup> by 2025

### Additional topics:

- “MyGrowth” program for the development of a company-wide growth mentality qualified
- Wide range of opportunities for career entry and qualification
- Healthy and Safe @ Siemens program introduced

5.1

# Working at Siemens



- **Global values and global corporate culture**
- **303,000<sup>1</sup> employees worldwide**
- **Supporting our people by offering attractive benefits**

The COVID-19 pandemic showed us that companies may suddenly and unexpectedly be faced with significant new challenges, which at the same time may sharply accelerate the digitalization process. Hybrid workplaces, questions of work-life balance, and the need to work with partners and across different ecosystems will all become more and more important. To deal effectively with this transformation, we aim to build a corporate culture at Siemens that can take change for granted.

## We rely on gifted people and a growth mindset

Finding solutions for these challenges is what inspires our aim to [#TransformTheEveryday](#), and is the key to our company's sustainable success. To achieve that goal, Siemens is concentrating on its four strategic priorities, two of which are especially important for human resources (HR): [empowered people](#) and a [growth mindset](#). This focus on people highlights the fact that our company's future success is closely intertwined with the success of our people.

We are in the midst of a cultural change at Siemens in which we want to empower all our people to ask questions, take risks, and do what they think will be

best to help our company and our customers. An integration-minded, empowering management approach and corporate culture will play a crucial role in achieving continuous transformation. These factors will provide guidance, and should build a strong sense of belonging, along with a safe environment. To manage the challenges that transformation presents, a growth mindset is essential. That includes maintaining a lively curiosity, staying resilient, experimenting and adapting. We want to support our people in remaining resilient as people and relevant as skilled workers. That calls for developing generic capabilities, accepting change, and learning how to learn, as well as keeping our skills continuously developing.

We've combined all this in our HR aspiration: to advance an integrative, enabling culture for the upcoming transformation that ensures lasting business success and long-term employability for our people. We constantly invest in all levels of training for our workforce, support their willingness to experiment and learn, and help them develop a personal growth mindset.

## DEGREE is linked to our HR goals

We have adopted ambitious goals with our DEGREE sustainability framework. The three "E" in DEGREE – Ethics, Equity and Employability – are the fields with the highest priority for the Siemens HR system.

[➤ SIEMENS AT A GLANCE](#)

<sup>1</sup> All employee figures in this chapter refer to the headcount and includes Varian.

## Promoting a culture of trust in the real and digital worlds

Our values and ethical standards for doing business are anchored in our Business Conduct Guidelines (BCGs). Our BCGs define the basic principles and rules for our conduct both inside and outside the company, and are binding for all our employees, managers, and top management alike, worldwide.

### ➤ COMPLIANCE

Based on this culture of trust, we place fair treatment and respect at the heart of our value system. Our aim is to treat everyone fairly and respectfully, regardless of skin color, ethnic or social background, religion, age, disability, sexual identity and orientation, world view, or gender. ➤ HUMAN RIGHTS. Our goal is to be the employer of choice – which is supported by our top employer ranking of various organizations worldwide and reflects diversity, inclusion and a sense of belonging.

To highlight our culture of trust and empowerment, we are pursuing two initiatives that concentrate on understanding our people’s experiences and taking them into account, and on recognizing our people’s achievements:

→ We use the results of our [Siemens Global Employee Survey \(SGES\)](#) at regular intervals to assess the efficacy and success of our actions, and to derive any necessary steps for improvement. In January 2021, we had a 67% response rate<sup>1</sup> to the SGES. The average level of approval for relevant aspects such as innovation, diversity, transparency, and management was above 77%.<sup>1</sup>

→ The [Werner von Siemens Award](#) is given in six different categories to honor achievements that have had a positive impact on Siemens and beyond. Elements of our DEGREE framework are an integral part of the Werner von Siemens Award. In 2021, the trophies were presented to teams that have enabled our customers to transform their industries, contribute to technological innovation, serve as a role model in digitization, or participate in an initiative characterized by ingenuity and social responsibility. More than 7,500 employees participated in this competition in 2021, and submitted 413 entries.

## Siemens employee share program strengthens identification with the company

Employee-share ownership is an integral part of the Siemens DEGREE framework: We aim to maintain access to our employee share program at the 98% level and expand it globally to 100%.<sup>2</sup> Owning a stake in the company is intended to motivate our people to take personal responsibility for their own actions. This [ownership culture](#) has a long tradition at Siemens. The first profit-sharing program was introduced back in 1858. Today, the global Siemens share program, which has been offered annually since 2008, is one of the largest employee share programs in the world. More than 100,000 employees invested in their company in 2021, which means that almost 45% of all eligible employees participated.<sup>3</sup> In addition, Siemens AG distributed around 490,000 free bonus shares to employees in the past fiscal year as part of the global share program.<sup>1</sup>

Siemens Healthineers has its own share program that it offers to its employees.

<sup>1</sup> Excluding SHS.

<sup>2</sup> Where legally possible and reasonable. The DEGREE target does not apply to SHS.

<sup>3</sup> Excluding SHS. Participation is open to all employees who were employed by a participating Siemens subsidiary on October 1 of the previous calendar year and who continue to be employed at a participating Siemens subsidiary at least until the last day of the applicable offer period. Members of the Managing Board are excluded.

### Employee structure and development

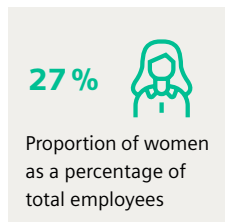
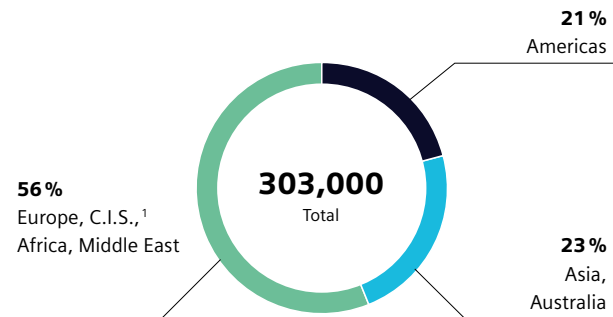
As of September 30, 2021, Siemens employed 303,000 people around the world. That represents an increase of about 10,000 employees from September 30, 2020; 56% of all employees were in Europe, the Commonwealth of Independent States (CIS), Africa and the Middle East, 21% were in North America, Central America and South America, and 23% in Asia and Australia. Out of our total workforce, 94% have permanent contracts. In Asia and Australia, around one-fifth of the contracts are temporary, while in the other regions more than 95% of our employees have permanent employment contracts.

The percentage of women in the total workforce is 27%.

#### Siemens employees

(as a % of total number of employees)

September 30, 2021



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

### Hires and exits

The number of new hires increased by approximately 36% compared to fiscal 2020, while the number of exits increased by 17%.

The percentage of dismissals – as a percentage of all employee exits – was 11% in the reporting period, compared to 15% for the previous year. All other differences result from changes in the basis of consolidation and other changes.

#### Siemens employee hires

| (in thousands)                                   | Fiscal year |      |
|--|-------------|------|
|  | 2021        | 2020 |
| Siemens  | <b>34.4</b> | 25.2 |
| Europe, C.I.S., <sup>1</sup> Africa, Middle East | <b>13.7</b> | 11.7 |
| Americas   | <b>10.6</b> | 7.5  |
| Asia, Australia                                  | <b>10.1</b> | 6.0  |

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

#### Women hired

| (as a percentage of new hires)                   | Fiscal year |      |
|--|-------------|------|
|  | 2021        | 2020 |
| <b>Siemens</b>                                   | <b>30</b>   | 30   |
| Europe, C.I.S., <sup>1</sup> Africa, Middle East | <b>29</b>   | 29   |
| Americas   | <b>33</b>   | 32   |
| Asia, Australia                                  | <b>29</b>   | 29   |

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

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

| (in %)                 | Fiscal year |      |
|------------------------|-------------|------|
|                        | 2021        | 2020 |
| Employee decision      | <b>4.7</b>  | 3.5  |
| Other reasons for exit | <b>5.0</b>  | 4.8  |
| <b>Total</b>           | <b>9.7</b>  | 8.4  |

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

### Working hours and working time arrangements

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

| (in hours)                                    | September 30, |      |
|---|---------------|------|
|   | 2021          | 2020 |
| Siemens                                       | <b>39.5</b>   | 39.3 |
| Europe, CIS, <sup>2</sup> Africa, Middle East | <b>38.0</b>   | 37.9 |
| Americas                                      | <b>41.0</b>   | 41.1 |
| Asia, Australia                               | <b>41.9</b>   | 41.5 |

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

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



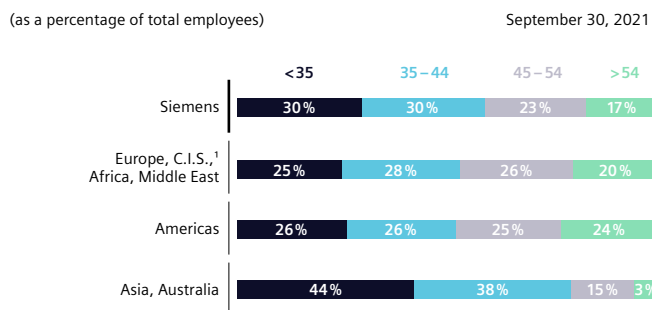
Use of working hour programs at Siemens

| (in thousands)                | September 30, |      |
|-------------------------------|---------------|------|
|                               | 2021          | 2020 |
| Part-time                     | 13.8          | 13.9 |
| Employees on leave or absence | 6.3           | 6.2  |

Changes in age distribution

The distribution of employees by age group remained almost unchanged from the previous year. The average age in the reporting period was 42 years.

Age structure



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

Commitment to fair pay

We want to guarantee fair pay (coverage of basic needs) at least in accordance with the statutory national minimum wage. Subject to national regulations, Siemens adheres to the principle of “equal pay for equal work,” for instance equity in wages for women and men with the same job profile/same role.

We also review pay parity at regular intervals, so as to eliminate unjustified differences (with the same job profile, role, competencies, experience, and performance, etc.), as further testimony to our unwavering commitment to fair payment for employees. In 2021 we reviewed our 21 largest countries (selected by revenue) on the basis of our defined, market-based pay parity methodology. We are working with the companies in these largest countries to establish a long-term cultural change in support of our targets.

Employee benefits and opportunities for today and tomorrow

Amid a constantly changing world, we continuously compare the employee benefits and opportunities we provide, and revise them so that we can offer flexible benefits programs that will support our people’s physical, mental, financial, and social well-being, both today and tomorrow. The Siemens benefits programs have the target of enabling our people to realize their full potential and strengthening their resilience with a variety of insurance policies, support benefits, retirement arrangements, and elective plans. To understand the constantly changing, diverse needs of our global team and their families, we watch the external market and track the latest trends and innovations in our industry and we keep an eye to sustainability.

Pensions<sup>1</sup>

We offer defined benefit and/or defined contribution pension plans. The largest pension plans are in Germany, the United States, the United Kingdom, and Switzerland. Contributions and amounts recognized as expense for state plans and defined contribution plans came to € 1,932 million in fiscal 2021. Of this figure, amounts recognized as expense for defined contribution plans were € 484 million. Contributions to state plans came to € 1,449 million. Employer contributions to defined benefit plans amounted to € 2,041 million. The company’s major defined benefit plans are funded with assets in segregated entities. In accordance with local laws, these plans are managed in the beneficiaries’ interest by way of contractual trust agreements with each separate legal entity. The defined benefit plans cover 442,000 participants, including 178,000 actives, 84,000 deferreds with vested benefits, and 180,000 retirees and surviving dependents.

<sup>1</sup> Figures comprises the total of continuing and discontinuing operations.

The Siemens Group also takes a sustainable approach to the oversight of the pension investment process, applying an ESG framework.

Siemens Pensionsfonds AG has been a PRI<sup>1</sup> signatory since 2020. All asset managers must be PRI signatories and be able to provide evidence of an ESG policy. ESG factors are integrated into the investment process. Siemens Pensionsfonds AG invests selectively in liquid asset classes, with a focus on companies that have an above-average ESG rating (best-in-class approach). Among the key elements of the ESG reporting are ESG scores and the portfolio's carbon footprint.

The internal asset manager, Siemens Fonds Invest GmbH, has also been a PRI signatory since 2020, and has adopted its own ESG policy to define how ESG factors are treated in the investment process. Siemens Fonds Invest GmbH is working on converting all its publicly traded funds (UCITS<sup>2</sup>) into sustainable Article 8 funds under the EU Disclosure Regulation<sup>3</sup>.

### Work-life balance

There is an increasing desire for more flexibility and more individual solutions depending on phase of life when it comes to organizing working hours and work location. For this reason, we offer our people flexible working models, which are structured according to the local requirements in their various countries, and in ways compatible with the employees' roles. Examples include mobile working, part-time hours, sabbaticals, time-outs, parental leave, and partial early retirement.

→ **Mobile working** will establish itself after the pandemic as the core element of a New Normal and promote a sustainable work culture and working environment ↗ [THE COVID-19 PANDEMIC](#).

→ With mobile working within this New Normal, we want to motivate our people, improve the company's performance, and strengthen Siemens' profile as a flexible, attractive employer. Mobile working and flexibility of work location in the hybrid **New Normal Working Model** (2–3 days of mobile work per week as a worldwide standard offering for our people) also strengthens our ability to attract and retain the best talent for Siemens. Our DEGREE ambition of **global commitment to the New Normal Working Model** supports this aim worldwide.<sup>4</sup>

→ We also encourage **balance of work and caregiving relatives**. Siemens is well aware that this concern is growing in importance, and we support our people in Germany who provide care for family members. We offer these people various support options through the **Elder Care** program. This program is based on four pillars: time off work and flexible working, communication, counseling, and training in health matters.

### Childcare at Siemens

As part of its family-friendly corporate policy, for fiscal year 2021 Siemens AG supported its people in Germany with a general tax-free childcare allowance of up to € 100 per calendar month per child for the care of preschool-age children at a kindergarten or similar establishment. In addition, Siemens AG grants its part-time employees in Germany (15-30 hours per week) a further tax-free childcare allowance during parental leave. For fiscal 2021, this amounted to up to € 500 per child per calendar month for childcare at a kindergarten or similar establishment, for children up to 14 months of age.

For our people in Germany, there are also further options, such as around 1,500<sup>5</sup> childcare places, a summer vacation childcare program, and parent-child health retreats.

<sup>1</sup> Principles for Responsible Investment.

<sup>2</sup> Undertakings for Collective Investments in Transferable Securities.

<sup>3</sup> EU 2019/2088.

<sup>4</sup> For employees with job profiles that make this possible and reasonable. The Siemens New Normal Working Model is not offered at SHS.

<sup>5</sup> Excluding SHS.

### The FutureOfWork@SIEMENS initiative

As a future-oriented company, we have a responsibility to actively consider and shape the influence of current and future trends on our people, our work, and our working environment. This is what lies at the heart of the #FutureOfWork initiative. In order to tackle structural change, it engages with two essential questions: HOW will we work in the future (#NewWork), and WHAT will we work on in the future (#NextWork)?

- #NewWork includes making organizations more flexible and developing individual and organizational adaptability, such as agile forms of organization and forms of collaboration, leadership, and flexible working conditions.
- #NextWork addresses the existential question of our future jobs, namely which activities and roles will exist tomorrow and beyond – both inside and outside our company. In this context, we identify the capabilities needed to enable an organization as a whole, but also our individual people, to prepare for the work of tomorrow.

To succeed, this collaborative design of #NewWork and #NextWork must rely on a cultural change that can only be brought about through the cooperation of all our people.

### Our talent programs for individual career paths

Through a focused integration and development of the next generation of leaders, we make a sustainable contribution toward a diverse, agile management team, and thus to the transformation of Siemens.

- The **Siemens CEO\* Program** is an exceptional opportunity for outstanding candidates in the field of general management. By specifically developing their leadership skills and their global networks, the program prepares participants for future management responsibilities, especially in fast-growing digital business models.
- The **Siemens Finance Excellence Program (FEP)** is a finance leadership program and a stepping stone for future leaders in finance who have a digital mindset. All FEP associates are assigned a personal mentor from among Siemens' finance leadership team, accompanied by custom-tailored development programs.
- The **Siemens Graduate Program (SGP)** is an international trainee program that offers a personalized career path for ambitious "master graduates," with a customized development track and excellent networking opportunities throughout the company.

## 5.2

# Diversity, Equity & Inclusion



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



- Focus on strengthening sense of belonging
- “Diversity Charter” reinforces respect for diversity
- A DEGREE ambition: 30% female share in Top Management by FY25<sup>1</sup>

At Siemens, we make a practice of transforming daily life – for our customers, our people, and society at large. But this transformation also means committing to diversity, equity & inclusion. To us, diversity stands for the inclusion and interaction of different ways of thinking, backgrounds, experiences, skills, and individual qualities across all levels and dimensions of the company. Equity is an integral part of our corporate culture. Inclusion enables every voice to be heard and get involved. The sense of belonging strengthens our people and taps hitherto unused growth potential for everyone. In a nutshell, this means: [#BelongingTransforms](#).

We actively promote diversity, equity, and inclusion by creating a working environment that is open and appreciative for all. Our commitment to [human rights](#) is anchored in the Siemens Business Conduct Guidelines (BCGs). We do not tolerate discrimination of any kind. The guidelines clearly state: “We respect the personal dignity, privacy, and rights of each individual.” They also make it clear that Siemens is committed to maintaining a workplace that is open to everybody regardless of ethnic origin, culture, religion, age, disability, skin color, gender, sexual identity and orientation, or world view. [➤ HUMAN RIGHTS](#)

## A global strategy with local implementation

We have been working for years now to build a diverse, equitable, inclusive corporate culture – and have had measurable success, for example on the share of women in management positions globally. In past years we established a global Diversity, Equity & Inclusion network, which is active in many regions of the world. Working with our [Chief Diversity Officer \(CDO\)](#), the global Diversity, Equity & Inclusion Office provides support and assistance for a great many activities.

Siemens AG and the company’s Central Works Council have adopted a [Diversity Charter](#) for Germany. It provides an anchor for the strategic relevance of diversity, as well as the key principles by which diversity can be appreciated.

Through sponsorships and strategic partnerships, we are also involved in other formats and initiatives, such as the “[Charta der Vielfalt](#)” diversity charter and the “[Chefsache](#)” initiative.

We continually assess how well these measures are succeeding and revise our initiatives to enhance diversity further. We employ key figures such as the percentage of women, generations, and nationalities as a way of regularly monitoring the efficacy of our workforce diversity initiatives. In 2021, Siemens received a great many diversity prizes and awards all over the world, including “Forbes Magazine’s Best Employers for Women” and a “100% rating from the

<sup>1</sup> Not applicable to SHS.

Disability Equality Index” in USA, and “Human Rights Campaign Foundation – Mejores Lugares Para Trabajar por Equidad LGBT” in Mexico.

### Pride@SIEMENS: Network for the LGBTIQ\* community

Siemens supports the UN initiative for global LGBTIQ\* Standards of Conduct for Business. Many locations fly rainbow flags, especially in the week before Christopher Street Day. This is how Siemens takes a stand and commits to “color for more openness,” a signal to all that we welcome everyone, whatever their sexual orientation. On top of that, since 2018 every Siemens social media channel has been rainbow-colored throughout Pride Month. We also provide ways for our LGBTIQ\* people to network with each other around the world. Just one example is [Pride@Siemens](#), a network for our people who identify as lesbian, gay, bisexual, transsexual, or intersex, and for their allies.

### Women in the workforce

In 2021, the percentage of women in the workforce at Siemens is at 27%<sup>1</sup>.

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

September 30, 2021



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

We aim to keep expanding gender equality. Our commitment to advancing women at all levels of the company is not limited to complying with statutory or regulatory requirements. For instance, we aim to increase the number of women in top management<sup>2</sup> to 30% globally by September 30, 2025.<sup>3</sup> We are also pursuing a variety of initiatives, programs, and measures to advance a cultural change toward gender parity, diversity, and integration. Among the many different women’s networks around the world are:

<sup>1</sup> Varian included.  
<sup>2</sup> This does not affect local or company-specific diversity targets and requirements set by law or regulation. More details about the targets and staffing requirements that apply to Siemens AG, as well as the diversity concepts that are being pursued for the Supervisory Board and Managing Board of Siemens AG, can be found in the annual “Corporate Governance Statement” available on the Siemens Investor Relations website, under the “Corporate Governance” heading.  
<sup>3</sup> Not applicable to SHS.

- **Leading Women in Industry (LWI):** The in-house LWI network is committed to helping place women in more management positions. We advance this mission with strategic fields of action such as flexible working hours, mobile working, and individual career development.
- **Global Leadership of Women@Technology & Innovation (GLOW@TI):** This in-house network for women with a background in science aims to promote careers for women.
- **GROW2GLOW:** The GROW2GLOW network provides business coaching for women as a way of helping them realize their full potential.

### Inclusion of persons with disabilities

Siemens advocates equal opportunity for persons with disabilities, their inclusion in society and the workplace, and their self-determined participation and right to be treated with respect. What counts for us is the person – disabilities should have no relevance at all. For that reason, we also aim for a barrier-free work environment. But at Siemens, inclusion means more than just accessibility. It is a holistic way of thinking and acting that eliminates both visible and invisible barriers, and encourages a culture of aware, equal-opportunity participation and understanding as a way of supporting and enabling persons with disabilities.

The **Ability@Siemens** initiative aims to promote a culture of integration for the around 5,000 disabled employees currently working at Siemens in Germany. It is based on a groundbreaking inclusion agreement with the General Representative Board for Disabled Employees.<sup>1</sup>

Siemens also supports the worldwide #PurpleLightUp movement, which honors the economic contribution of working persons with disabilities all over the world, as a signal of respect for the International Day of Persons with Disabilities (IDPD) proclaimed by the United Nations, celebrated on December 3 each year.

In 2021 Siemens also joined the **Valuable 500** – an initiative launched by the World Business Forum to place the concerns of persons with disabilities on companies' management agendas.

<sup>1</sup> Inclusion Agreement for Siemens AG Germany.

5.3

# Professional education and lifelong learning



- **Broad portfolio for vocational education and training (VET) and lifelong learning**
- **“MyGrowth” program to develop a company-wide growth mindset**
- **One of our DEGREE ambitions: Double digital learning hours by 2025<sup>1</sup>**

Our company’s success depends on having highly qualified and skilled people: the right people with the right skills are crucial to our growth. That’s why we invested approximately €318 million in employee education and training in fiscal 2021.

## Vocational training to start your career

Through its educational institution [Siemens Professional Education \(SPE\)](#), Siemens is one of the largest companies in Germany for secondary school graduates. Currently the company has 4,711 apprentices and students in dual study programs in Germany, 1,029 of them coming in from other companies and 3,682 employed at Siemens. In autumn 2021, 1,085 school graduates began an apprenticeship or dual study program with our company. In addition to these learners in Germany, we train more than 2,000 young people all over the world. Our SPE program includes apprenticeships and dual study programs in technical, IT, and commercial fields and also offers development opportunities for disadvantaged young people.

**International Tech Development programs:** Our international programs are intended for members of the upcoming generation from Europe and beyond. In a format tailored to the needs of international

business, we teach core components of the dual vocational education and training, which helps foster employability wherever the participants reside. At present, our programs have 45 participants from 17 countries.

## Lifelong learning is crucial to success

In the past fiscal year, Siemens spent €165 million on employee training, which corresponds to an average of € 573 per employee. We have a wide range of learning content and formats to help our people enhance their qualifications.



**€ 165 million**

**invested in employee training.**

**This equated to an average of €573 per employee in fiscal 2021.**

**Global Learning World (GLW)** is an in-house training establishment that offers ongoing training for our people around the globe. We provide a broad range of courses: Along with content in technology and other specialties, they also include developmental courses for social skills like team leadership and team building. On average, each employee spent about 22 hours in training during the fiscal year. In terms of the DEGREE ambitions, excluding Siemens Healthineers, each employee completed about 17 hours of digital learning. Management compensation includes long-term performance incentives based on ESG criteria and is defined under

<sup>1</sup> Not applicable to SHS.

Governance in our DEGREE framework. Assessments are based on the internal ESG/Sustainability index, including reduction of CO<sub>2</sub> emissions, digital learning hours per employee, and the Net Promoter Score (NPS) for measuring customer satisfaction.

➤ SUSTAINABILITY GOVERNANCE AND ORGANIZATION

### People development programs customized for global or local use

Our range of options in our people development includes the following programs:

- The Siemens **Core Learning Paths (CLP)** are specifically designed for areas like Sales, Project Management, Procurement, Production, and Software Architecture. They provide the target group with self-guided learning content and trainer-supported virtual training sessions. In fiscal 2021, a total of 28 Core Learning Paths were made available to the relevant target groups around the world. The earned qualifications are internationally comparable within Siemens and create career opportunities for our people throughout the company, and therefore they support and promote systematic personnel development.
- The Siemens **Potential Development Programs (PDP)** comprise more than 30 decentralized development programs for selected employees with potential. The emphasis is on professional development, preparing for future roles, and personal growth. In addition to targeted development measures such as training, mentoring, shadowing, and assignments abroad, participants benefit by expanding their professional networks and becoming more visible to management. This is how the programs also make a significant contribution to strategic succession planning. Some of the Potential-Development Programs are specifically designed for the advancement of women.

→ The **GLOW@TI (Global Leadership of Women@Technology & Innovation)** initiative focuses on attracting, developing, and retaining talented women with a background in STEM or innovation fields. It supports women in realizing their full potential and aims to promote a culture of innovation through strong networks between departments and organizations.

→ The **Siemens Leadership Excellence (SLE)** programs are aimed at high-ranking executives on various levels with the goal of strategically strengthening succession planning and promoting the corporate culture. These programs support participants in identifying sustainable and effective solutions for their business challenges and provide a shared understanding of core competencies needed for management and transformation. The programs also support us in building a strong global network of managers, both within the company and beyond.

### Future-oriented learning and career growth and development instruments

The **MyGrowth** program combines our learning and career development tools and content, and is intended to promote continuous growth. MyGrowth has three components:

- **MyGrowth Self-reflection:** To build a successful career, it's essential to know one's own strengths and weaknesses and to be aware of one's personal stage of development. A variety of tools and services are offered with content like coaching (Peer2Peer), identifying strengths (Strengthscope), and perception by others (feedback tool).
- **MyGrowth Learning (My Learning World):** Our online learning platform offers more than 100,000 learning resources that aim to satisfy our people's different interests and special requirements. Our people can benefit from a large number of learning formats here, including



videos, e-learning modules, virtual training courses, technical literature, podcasts, and e-books. Through the use of artificial intelligence, users also receive customized recommendations for learning content based on their usage behavior.

→ **MyGrowth Career (Own Your Career)**: “It starts with you”: This concept allows you to shape your own career development; it’s integrated into a holistic concept and is based on your current situation. The core components are the Open Job Market, Job Tagging (where you can show you’re interested in a particular job), a People Profile to increase your visibility, and Job Shadowing and Mentoring to learn from and with others.

The new **Growth Talks** are regular, forward-looking, strength-based conversations that support both individual and organizational growth, performance, and well-being. Support materials such as discussion guidelines, questions for reflection, and workshop templates help our people, teams, and managers maintain an ongoing, respectful, and encouraging dialog about individual development and learning.

The well-established **Performance Management Process (PMP)** also focuses on developing our people in their current role and on strengthening their performance. The continuous dialog between our people and management builds transparency and a shared understanding.

### **Future Fund supports transition to a new work world**

Siemens AG and its Central Works Council intend to proactively shape the structural transformation. We’re working together to create a learning organization that is able to master structural transformation while also optimizing opportunities for change that can benefit our people. A Future Fund has been created for this purpose. It encourages development programs intended to support our people in staying oriented in a disruptive employment environment and enabling them to qualify and learn beyond their previous limits. It finances projects relating to structural change that go beyond site boundaries, with support from site management and Works Councils.

A total of €100 million has been made available for the Future Fund for four (fiscal) years starting in January 2019.<sup>1</sup> More than €8 million<sup>2</sup> was approved for Future Fund projects in fiscal 2021. After a surge at the beginning of the initiative, fewer applications were submitted compared with the prior year.

<sup>1</sup> The fund included Siemens Energy until that company was spun off.  
<sup>2</sup> Excluding Siemens Energy and SHS.

5.4

# Occupational health and safety management



- **The COVID-19 pandemic: a trial by fire for worldwide EHS management**
- **Healthy and Safe @ Siemens program launched**
- **Accident rates reduced even more**

Maintaining, fostering, and improving the safety and well-being of our people is a key task of our organization. It's enshrined in our Business Conduct Guidelines (BCGs), our internal monitoring systems, and our company-wide risk management and control process. The "Siemens EHS Principles" provide the binding core and anchor for our actions in this area. The Principles also include an obligation for all operating units to document a management system certifiable to ISO 45001. The efficacy of these management systems is reviewed internally every year and is also certified externally at the operating units in keeping with market requirements. The conversion of management systems from OHSAS 18001 to ISO 45001 was successfully completed.

The Environmental Protection, Health Management, and Safety (EHS) professional function bears much of the associated responsibility at Siemens. It's organized locally, it's integrated into each area of business and each national company, and it reports directly to the respective business managers. The EHS Officers coordinate collaborations with experts in the many different fields of action involved. The main task of this professional function is to advise managers and teams and support them in managing their specific areas of responsibility. Its profile has changed significantly in recent years: Rather than monitoring compliance with rules and workflows, the focus is now on supporting our people in dealing safely with dynamically changing requirements.

Occupational safety and health management are incorporated into our DEGREE framework, primarily under "E" for Employability.

## COVID-19 pandemic places new demands on health and safety management

Maintaining and strengthening individual and organizational resilience – and by the same token, the sustainability of our operating business – became even more important during the COVID-19 pandemic. Our health and safety management proved once again to be reliable and fully capable of handling this crisis.

The impact of the pandemic varied in different countries and different operating businesses. We established a global internal COVID-19 monitoring system at an early stage to identify developments promptly and respond quickly. Our sites were put under partial or complete temporary lockdown. However, on the basis of our protection concepts, business continuity was largely unimpaired.

We provided extensive testing opportunities and promoted vaccination in a number of countries. To support our people and their families in countries where the public healthcare system faced especially severe challenges, Siemens Medical Services offered assistance, organized hotels where our infected people could be isolated, and relocated medical equipment to regions where it was most needed.

### Inclusion, interaction, and personal development

The pandemic accelerated the digitalization of our work systems. Last year, our people were working wherever possible on a mobile basis – a hitherto unknown situation that had both positive and negative implications for their health, safety, and well-being. Our people were faced with many changes and adjustments. We're working actively to channel these changes toward a "New Normal" with a more flexible, more adaptable, and more self-determined way of working. To keep the change and adjustment process healthy and safe, we concentrated on encouraging interaction, intensifying communication, and offering focused learning opportunities with the goal of optimally including teams in designing their own jobs.

In addition to health and safety trainings on specific topics, we significantly expanded the scope of other opportunities for learning and dialog, especially pertaining to resilience, psychological safety, and psychosocial risk management.<sup>1</sup>

- Both managers and team members can take advantage of continuously updated digital options for self-paced learning: for instance, via the EHS Channels and Knowledge Boards in Siemens Learning World.
- More time has been provided for discussions among managers and team members about health, safety, and well-being on the job. The (virtual) "Walk & Talk 2.0" and EHS-related internal social networks are one expression of this intensified interaction and dialog.

- Another example is the "Improvement Dialog" approach that's a key component of the Healthy and Safe @ Siemens program. "Improvement Dialogs" are initiated on specific health and safety topics or related issues. The dialogs collect a variety of views and experiences and then changes and improvements are explored and adopted.
- For health and safety experts, there's a "Future Skills @ EHS" initiative that provides an orientation with comprehensive learning resources. We've also introduced an "Advanced Safety Futures" program for the EHS professional function, whose participants will become the ambassadors of an expanded understanding of health and safety management.

We encourage our people to get involved in order to ensure healthy, safe working conditions, and we foster self-organization as one of the best ways to deal with the requirements of the "new normal."

### The new Healthy and Safe @ Siemens program<sup>1</sup>

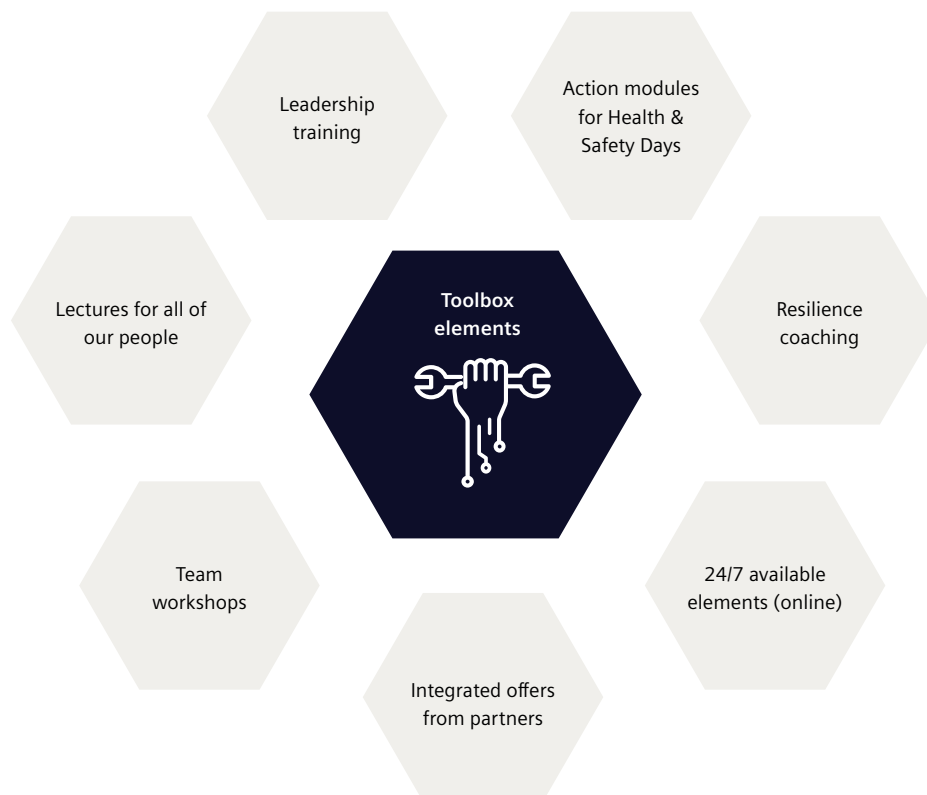
A major milestone this fiscal year was the launch of the Healthy and Safe @ Siemens program as the successor of two separate previous programs, Healthy@Siemens and Zero Harm Culture@Siemens. In the new program, our people at company locations performed a self-assessment followed by "improvement dialogs" on four main topics:

<sup>1</sup> Siemens excluding SHS.



The program’s framework has been enlarged to organizational resilience: It no longer focuses entirely on bodily health and integrity, but now places more attention on mental health and psychological safety. This is intended to strengthen the sense of well-being and the resilience of our people and to support them in dealing with change. The key was actively involving the workforce in designing their work environments. In our local organizations, health and occupational safety committees play an important role, with management and employee representatives working together to coordinate initiatives for a healthy, safe work environment. Many Siemens local companies also developed supplementary campaigns. In Germany, for example, a comprehensive range of instruments was applied to improve resilience (a “Resilience Toolbox”), and many colleagues took advantage of it.

Resilience toolbox



The Healthy and Safe @ Siemens program also aims for two important objectives that have been incorporated into the Siemens DEGREE framework<sup>1</sup>:

→ 100% access to EAPs (Employee Assistance Programs) by 2025

As an integral part of our psychosocial risk management, the EAPs help everyone anonymously to identify and to cope with psychosocial personal stressors. In 2021, 87%<sup>1</sup> of our colleagues had access to these programs. By that we want to support all our people around the world to establish health promoting behaviors – and also to raise awareness of psychosocial issues in society as a whole.

→ Improving the global accident rate (Lost Time Injury Frequency Rate, LTIFR) by 30% by 2025 (base year: 2020)



**Reduction in accident rate (LTIFR) compared to previous year according to our DEGREE ambition<sup>1</sup>**

In reference to the target in the Siemens DEGREE framework of reducing the accident rate (LTIFR) by 30% by 2025 (base year 2020: LTIFR 0.31<sup>1</sup>) an improvement to 0.27<sup>1</sup> has already been achieved.

### Accident numbers low

The number of work-related accidents further declined in the last fiscal year.

The majority of incidents are finger injuries and the consequences of falls or slipping. Many incident reports indicate that despite all efforts at prevention and inspection, a hazard wasn't properly identified or eliminated.

<sup>1</sup> Siemens excluding SHS.

Despite declining accident rates, there were four fatal accidents in fiscal 2021. Two temporary workers suffered fatal electrical shocks, one while testing a transformer and the other while performing maintenance on a circuit breaker. The third fatality was a contract worker who fell from a roof during demolition work. Another contractor was run over by a mobile crane during transport work.

Each accident is a source of grief for the people concerned and their families, friends, and colleagues. And for us as a company, it's a renewed call to keep ensuring and improving a safe, healthy work environment for our people and partners.

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

|                                | Fiscal year |      |
|--------------------------------|-------------|------|
|                                | 2021        | 2020 |
| Employees                      | <b>0.27</b> | 0.28 |
| Temporary Workers <sup>2</sup> | <b>0.39</b> | 0.68 |
| <b>Total</b>                   | <b>0.28</b> | 0.30 |

- <sup>1</sup> Lost Time Injury Frequency Rate: number of lost-time cases (LTC) x 200,000/work hours; LTCs are accidents that result in at least one lost day of work. Siemens including SHS.
- <sup>2</sup> As a globally operating company, Siemens isn't always authorized or able to obtain sensitive information about contract workers' health and occupational safety or complete figures on their work hours. As a result, the Temporary Worker LTIFR for Siemens includes only temporary workers hired by a temporary employment agency or under a contract for work and services.

#### Fatalities (work-related)

|                   | Fiscal year |      |
|-------------------|-------------|------|
|                   | 2021        | 2020 |
| Employees         | –           | –    |
| Temporary Workers | <b>2</b>    | –    |
| Contractors       | <b>2</b>    | 1    |
| <b>Total</b>      | <b>4</b>    | 1    |

5.5

# Corporate citizenship



- Improving people’s living conditions  
- Giving societies access to knowledge and technologies



- A variety of projects with three strategic priorities



Corporate citizenship is Siemens’ voluntary commitment to delivering benefits for society in every country in which we operate. As defined by Werner von Siemens over 170 years ago, the company’s mission is to provide technologies that improve quality of life and create lasting value for society. Based on the SDGs, we identify topics that are relevant for the development of a country and illustrate how we are making a positive contribution to achieving them. The goal of this approach is not to reduce the risks associated with the company’s business activities, but to give something back to the societies in which the company operates. Thus, corporate citizenship is an important element of our company’s sustainability

strategy, one that is embedded in our DEGREE framework, specifically the main focus is on “Equity,” which strengthens the identification of different target groups with the company, and on “Employability,” which is achieved through a range of training measures covering all phases of life.

Based on our core business and our competencies, Siemens has defined three strategic focus areas for its corporate citizenship activities: access to technology, access to education, and sustaining communities. Our corporate citizenship activities extend beyond traditional philanthropy. We harness our technological competencies and leverage our capabilities and products.

The Siemens Stiftung, along with six other Siemens foundations, complements our corporate citizenship initiatives. [➤ OUR MOST IMPORTANT AREAS OF IMPACT](https://www.siemens-stiftung.org/en/foundation/benefactor/)  
[HTTPS://WWW.SIEMENS-STIFTUNG.ORG/EN/FOUNDATION/BENEFACTOR/](https://www.siemens-stiftung.org/en/foundation/benefactor/)

## Our Core Areas



### Access to technology

With the aid of our core competencies in digitalization, automation, and electrification, as well as scientific research, we strive to give as many people as possible the chance to use the latest technologies.



### Access to education

Knowledge is a resource on which our future depends. Therefore, improving educational prospects and allowing broad access to education are critically important challenges for all societies everywhere in world.



### Sustaining communities

Our goals are to establish stable living conditions, protect values, unleash creativity, improve intercultural understanding, and contribute to progress.

### Creating lasting value with a shared-value approach

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

Our goal in each society is to help improve general living and healthcare conditions (access to technology), enhance educational and training opportunities for the labor market (access to education), and strengthen social cohesion and cultural identification (sustaining communities). At the same time, we enhance the reputation of Siemens, strengthen its local footprint, create a wider understanding of its technologies, position ourselves as an attractive employer, and lay the foundation for future innovation. We measure the achievement of these goals on the basis of the individual underlying targets.

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

Corporate volunteering is an important lever and driver of the corporate citizenship activities of Siemens: Our own Corporate Volunteering Standard outlines a common global concept and a framework for Siemens AG. Corporate volunteering is an efficient way for individuals to make a difference in society and helps to enhance employee satisfaction and retention. One example of this work is the transnational initiative of the employees of Siemens Financial Services. In 35 projects, for example, children's facilities and parks are cleaned up on a sustainable basis.

#### Community Investment<sup>1</sup>



<sup>1</sup> Community investment includes donations as well as sponsoring activities in the areas of education, science and the arts and culture.

Another significant factor of corporate responsibility at Siemens are our employee donation programs, which combine the company's commitment to society with our people's wish to be more engaged on a personal level. The Cents4Sense program allows employee shareholders to donate one dividend of their Siemens shares to support social projects. Since it began in 2018, Cents4Sense has raised nearly € 655,000 for selected social projects.

### Access to education is relevant for societies around the world

The promotion of education can take different forms and pursue different objectives, but the overriding goal is to enhance future opportunities and give young people the tools to master future challenges. Thanks to its width and depth, the Siemens portfolio offers a variety of opportunities for tackling problems that vary from region to region and for finding the best possible solutions in close cooperation with local partners. In doing so, Siemens also improves market access for qualified and urgently needed young professionals, thereby positioning itself as a reliable partner for the public sector.

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

A skilled workforce is essential for the growth of a nation and the living conditions of its population. In China, Siemens promotes the “China Intelligent Manufacturing Challenge” contest, in which more than 60,000 university and vocational school students have participated since 2011. By involving a strong network of partners, this program promotes the sustainable development of engineering education in the country, which also benefits companies like Siemens.

### Impactful corporate citizenship

Everywhere in the world, people are adversely affected by unforeseeable events and disasters such as disastrous floods and even the COVID-19 pandemic.

The company has therefore set itself the goal of tackling regionally different problems and finding the best possible solutions in close cooperation with the local authorities. Immediate humanitarian aid may consist of financial and particularly also technical support on the basis of the company’s portfolio. Our people are also activated by way of donation-matching campaigns.

One example of such work is the immediate aid provided after the devastating floods that struck Germany, Belgium, and the Netherlands in July 2021. Siemens supported the efforts of different emergency response organizations to alleviate the suffering caused by the floods with donations totaling €2.1 million, including €1.2 million donated by our people. In addition, the “Siemens4Siemens” app developed on the basis of Mendix software enabled affected employees to receive urgently needed in-kind assistance from other employees.

To combat the COVID-19 pandemic, donations totaling more than €5.7 million were used particularly to provide medical equipment, improve hygiene measures, and ensure basic care for disadvantaged groups via Siemens AG donation initiatives and the Siemens Caring Hands relief fund in fiscal 2021.

A pillar of the educational mission of Siemens Turkey is the provision of scholarships for talented, but financially disadvantaged youths. A key aspect of this program is to evenly promote all genders. Another important element is the assignment of mentors from Siemens Turkey. Since 2018, 40 students have received financial support and have been accompanied by more than 50 Siemens mentors. The Darüssafaka Robotic Club provides targeted assistance to children who have lost their parents and prepares them for professional careers.

### Access to technology on the basis of our core competencies

Access to modern and reliable infrastructure, for example by securing the energy supply, clean water, or even basic medical care, is a fundamental prerequisite, especially in developing countries, for improving the quality of life of many people and securing prospects for their future.

Another way that Siemens helps people improve their life prospects with the aid of education is to provide laptops and digital devices to socially disadvantaged families in countries such as Germany, Portugal, Canada, and Singapore. These programs are accompanied by knowledge transfer workshops led by our people.

### Promotion of social cohesion

Local identification with cultural heritage is also important for social cohesion. That is why we have a philosophy of supporting cultural and social activities as well. The “Siemens Art Program” in particular goes a long way to helping us live up to this objective through a diverse range of projects, such as the “Fascination with Science” project by the photo artist Herlinde Koelbl.

The protection of the environment and the conservation of natural resources are two goals that are also of the utmost importance for sustaining communities. On the occasion of Earth Day, for example, Siemens UK provided educational materials to 214 elementary schools so that children can be taught how to conserve natural resources.



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# Our sustainability indicators



## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs)                     |  | Fiscal/<br>September 30 <sup>th</sup> | Unit                   | FY 2021              | FY 2020 | +/-    | Standard   |
|--|--|---------------------------------------|------------------------|----------------------|---------|--------|--|
| <b>SIEMENS AT A GLANCE</b>   |  |                                       |                        |                      |         |        |  |
| Total revenue  | Total  | Fiscal Year                           | Billion €              | <b>62.3</b>          | 55.3    | 12.7%  | GRI 201-1,<br>WEF                                |
| Contribution to GDP (gross domestic product) generation <sup>1</sup> | Total  | Fiscal Year                           | Billion €              | <b>281</b>           | n. a.   |        | WEF  |
| Jobs enabled <sup>1</sup>  | Total  | Fiscal Year                           | No. (rounded)          | <b>5,000,000</b>     | n. a.   |        | WEF  |
|  | in developing and emerging countries             | Fiscal Year                           | No. (rounded)          | <b>2,600,000</b>     | n. a.   |        | WEF  |
| <b>Research and development<sup>2</sup></b>                          |  |                                       |                        |                      |         |        |  |
| R&D expenses   | Total  | Fiscal Year                           | Billion €              | <b>4.9</b>           | 4.6     | 6.4%   | WEF  |
| R&D intensity  | Total  | Fiscal Year                           | % of revenue           | <b>7.8%</b>          | 8.3%    | -5.6%  |  |
| Additions to capitalized development expenses                        | Total  | Fiscal Year                           | Billion €              | <b>0.3</b>           | 0.4     | -33.6% |  |
| Average number of R&D employees                                      | Total  | Fiscal Year                           | No. (rounded)          | <b>42,500</b>        | 40,800  | 4.2%   |  |
| Patents granted  | Total  | Sept. 30 <sup>th</sup>                | No. (rounded)          | <b>43,400</b>        | 40,900  | 6.1%   |  |
| <b>GOVERNANCE</b>  |  |                                       |                        |                      |         |        |  |
| <b>Compliance</b> (continuing and discontinued operations)           |  |                                       |                        |                      |         |        |  |
| Compliance cases reported  | Total  | Fiscal Year                           | No.                    | <b>394</b>           | 332     | 18.7%  | GRI 205-3,<br>206-1, 307-1,<br>406-1, 419-1, WEF |
|  | allegations of bribery                           | Fiscal Year                           | No.                    | <b>9<sup>3</sup></b> | n. a.   |        | GRI 205-3,<br>206-1, 307-1,<br>406-1, 419-1, WEF |
|  | allegations of bribery related to actual year    | Fiscal Year                           | No.                    | <b>5</b>             | n. a.   |        | GRI 205-3,<br>206-1, 307-1,<br>406-1, 419-1, WEF |
|  | allegations of bribery related to previous years | Fiscal Year                           | No.                    | <b>5</b>             | n. a.   |        | GRI 205-3,<br>206-1, 307-1,<br>406-1, 419-1, WEF |
| Disciplinary sanctions   | Total  | Fiscal Year                           | No.                    | <b>121</b>           | 188     | -35.6% | GRI 205-3,<br>WEF                                |
|  | warnings   | Fiscal Year                           | No.                    | <b>62</b>            | 90      | -31.1% | GRI 205-3,<br>WEF                                |
|  | dismissals                                       | Fiscal Year                           | No.                    | <b>49</b>            | 63      | -22.2% | GRI 205-3,<br>WEF                                |
|  | others <sup>4</sup>                              | Fiscal Year                           | No.                    | <b>10</b>            | 35      | -71.4% | GRI 205-3,<br>WEF                                |
| Business Conduct Guideline Training – graduating quota current year  | Total  | Fiscal Year                           | % of invited employees | <b>92.6%</b>         | 86.1%   | 7.6%   | GRI 205-2,<br>WEF                                |

<sup>1</sup> Based on FY 2019 data. Calculation methodology described in the Annex.

<sup>2</sup> Continuing Operation (with Varian / without Flender).

<sup>3</sup> Does also include allegations of granting benefits (but not taking bribes); time of the alleged misconduct may be in more than one period or may be unspecified. Therefore it can be included in both categories.

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

## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs)                      |                | Fiscal/<br>September 30 <sup>th</sup> | Unit          | FY 2021        | FY 2020 | +/-    | Standard                              |
|---|----------------|---------------------------------------|---------------|----------------|---------|--------|---------------------------------------|
| Business Conduct Guideline Training – persons graduating current year | Total          | Fiscal Year                           | No. (rounded) | <b>72,000</b>  | 165,000 | –56.4% | GRI 205-2, WEF                        |
|   | EMEA           | Fiscal Year                           | No. (rounded) | <b>34,000</b>  | 105,000 | –67.6% | GRI 205-2, WEF                        |
|   | Americas       | Fiscal Year                           | No. (rounded) | <b>19,000</b>  | 27,000  | –29.6% | GRI 205-2, WEF                        |
|   | Asia/Australia | Fiscal Year                           | No. (rounded) | <b>19,000</b>  | 33,000  | –42.4% | GRI 205-2, WEF                        |
| Graduated other specific Compliance trainings for employees           | Total          | Fiscal Year                           | No. (rounded) | <b>374,000</b> | 277,000 | 35.0%  | GRI 205-2, WEF                        |
| Integrity Initiative – Projects                                       | Total          | up to<br>Sept. 30 <sup>th</sup>       | No.           | <b>85</b>      | 77      | 10.4%  | GRI 102-12, WEF                       |
| Integrity Initiative – Finance budget provided                        | Total          | up to<br>Sept. 30 <sup>th</sup>       | Million US \$ | <b>120.0</b>   | 98      | 21.8%  | GRI 102-12, WEF                       |
| <b>Supply chain management</b>  |                |                                       |               |                |         |        |                                       |
| Purchasing Volume (PVO)/Procurement volume                            | Total          | Fiscal Year                           | Billion €     | <b>27.8</b>    | 26.7    | 4.1%   | GRI 102-9                             |
| Number of relevant (>€ 10,000 annual volume) suppliers                | Total          | Fiscal Year                           | No. (rounded) | <b>63,000</b>  | 65,000  | –3.1%  | GRI 102-9                             |
| Sustainability self-assessments <sup>1</sup>                          | Total          | Fiscal Year                           | No.           | <b>4,267</b>   | 4,759   | –10.3% | GRI 308-2, 407-1, 408-1, 409-1, 414-2 |
|   | EMEA           | Fiscal Year                           | No.           | <b>1,505</b>   | 1,439   | 4.6%   | GRI 308-2, 407-1, 408-1, 409-1, 414-2 |
|   | Americas       | Fiscal Year                           | No.           | <b>555</b>     | 936     | –40.7% | GRI 308-2, 407-1, 408-1, 409-1, 414-2 |
|   | Asia/Australia | Fiscal Year                           | No.           | <b>2,207</b>   | 2,384   | –7.4%  | GRI 308-2, 407-1, 408-1, 409-1, 414-2 |
| Agreed improvement measures out of Sustainability self-assessments    | Total          | Fiscal Year                           | No.           | <b>3,604</b>   | 3,279   | 9.9%   | GRI 308-2, 414-2                      |
| Supplier quality audits with sustainability questions                 | Total          | Fiscal Year                           | No.           | <b>319</b>     | 374     | –14.7% | GRI 308-2, 407-1, 408-1, 409-1, 414-2 |
|   | EMEA           | Fiscal Year                           | No.           | <b>116</b>     | 144     | –19.4% | GRI 308-2, 407-1, 408-1, 409-1, 414-2 |
|   | Americas       | Fiscal Year                           | No.           | <b>89</b>      | 77      | 15.6%  | GRI 308-2, 407-1, 408-1, 409-1, 414-2 |
|   | Asia/Australia | Fiscal Year                           | No.           | <b>114</b>     | 153     | –25.5% | GRI 308-2, 407-1, 408-1, 409-1, 414-2 |

<sup>1</sup> To be conducted mainly by suppliers from non-OECD countries with a purchasing volume > € 50,000 p.a.. Questionnaires initiated and completed in the year under review.

6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs) | Fiscal/<br>September 30 <sup>th</sup>                             | Unit                 | FY 2021  | FY 2020  | +/-          | Standard |  |
|--|---|----------------------|--|--|--------------|----------|--|
| External sustainability audits                   | Total   | Fiscal Year          | No.  | <b>394</b>                                       | 269          | 46.5%    | GRI 308-2, 407-1, 408-1, 409-1, 414-2, WEF |
|  | EMEA  | Fiscal Year          | No.  | <b>123</b>                                       | 65           | 89.2%    | GRI 308-2, 407-1, 408-1, 409-1, 414-2, WEF |
|  | Americas  | Fiscal Year          | No.  | <b>44</b>  | 19           | 131.6%   | GRI 308-2, 407-1, 408-1, 409-1, 414-2, WEF |
|  | Asia/Australia  | Fiscal Year          | No.  | <b>227</b>                                       | 185          | 22.7%    | GRI 308-2, 407-1, 408-1, 409-1, 414-2, WEF |
|  | Agreed improvement measures out of external sustainability audits | Total                | Fiscal Year                                      | No.  | <b>6,617</b> | 5,394    | 22.7%                                      |
| <b>ENVIRONMENT</b>                               |   |                      |  |  |              |          |  |
| <b>Climate Action</b>                            |   |                      |  |  |              |          |  |
| Greenhouse Gas Emissions                         |   |                      |  |  |              |          |  |
| Scope 1  | Total   | Fiscal Year          | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>386</b>                                       | 424          | -9.0%    | GRI 305-1, WEF                             |
|  | CO <sub>2</sub> emissions   | Fiscal Year          | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>352</b>                                       | 391          | -10.0%   | GRI 305-1, WEF                             |
|  | SF <sub>6</sub> emissions   | Fiscal Year          | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>17</b>  | 14           | 27.1%    | GRI 305-1, WEF                             |
|  | CH <sub>4</sub> emissions   | Fiscal Year          | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>&lt;0.1</b>                                   | <0.1         |          | GRI 305-1, WEF                             |
|  | N <sub>2</sub> O emissions  | Fiscal Year          | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>1</b>   | 1            | 7.6%     | GRI 305-1, WEF                             |
|  | HFC-gas emissions   | Fiscal Year          | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>16</b>  | 19           | -15.1%   | GRI 305-1, WEF                             |
|  | Other Kyoto gas emissions   | Fiscal Year          | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>&lt;1</b>                                     | <1           |          | GRI 305-1, WEF                             |
|  | Scope 2   | Total (market based) | Fiscal Year                                      | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>208</b>   | 253      | -17.7%                                     |
| Total (location based)                           |   | Fiscal Year          | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>755</b>                                       | 826          | -8.7%    | GRI 305-2, WEF                             |
| Scope 1+2  | Total   | Fiscal Year          | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>595</b>                                       | 678          | -12.2%   | GRI 305-1, 305-2, WEF                      |

## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs)        |  | Fiscal/<br>September 30 <sup>th</sup> | Unit   | FY 2021  | FY 2020        | +/-     | Standard       |                |
|---|--|---------------------------------------|--|--|----------------|---------|----------------|----------------|
| Scope 1 + 2 Reduction to LY                             | Total  | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>83</b>  | 225            | -63.2%  | GRI 305-5, WEF |                |
| Reduced emissions through energy from renewable sources | Total (Scope 1 + 2)                          | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>541</b>                                       | 546            | -1.0%   | GRI 305-5, WEF |                |
|   | Gas from renewable sources (Scope 1)         | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>22</b>  | 0              |         | GRI 305-5, WEF |                |
|   | Electricity from renewable sources (Scope 2) | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>518</b>                                       | 546            | -5.1%   | GRI 305-5, WEF |                |
|   | Scope 3                                      | Total                                 | Fiscal Year                                      | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>469,271</b> | 507,691 | -7.6%          | GRI 305-3, WEF |
| Scope 3 Upstream  | Total  | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>10,435</b>                                    | 10,296         | 1.4%    | GRI 305-3, WEF |                |
|   | Purchased goods & services                   | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>8,813</b>                                     | 8,607          | 2.4%    | GRI 305-3, WEF |                |
|   | Capital goods                                | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>381</b>                                       | 419            | -9.1%   | GRI 305-3, WEF |                |
|   | Fuel & energy-related activities             | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>263</b>                                       | 282            | -6.7%   | GRI 305-3, WEF |                |
|   | Waste in operations                          | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>24</b>  | 28             | -14.3%  | GRI 305-3, WEF |                |
|   | Transportation upstream                      | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>797</b>                                       | 740            | 7.7%    | GRI 305-3, WEF |                |
|   | Business travel                              | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>63</b>  | 126            | -49.8%  | GRI 305-3, WEF |                |
|   | Employee commuting                           | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>94</b>  | 94             | 0.0%    | GRI 305-3, WEF |                |
|   | Scope 3 Downstream                           | Total                                 | Fiscal Year                                      | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>458,836</b> | 497,395 | -7.8%          | GRI 305-3, WEF |
|   |  | Use phase emission                    | Fiscal Year                                      | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>453,350</b> | 483,813 | -6.3%          | GRI 305-3, WEF |
| Investment SFS <sup>1</sup>                             |  | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>5,486</b>                                     | 13,582         | -59.6%  | GRI 305-3, WEF |                |

<sup>1</sup> Emissions out of Siemens Finance Service (SFS) activities in financing fossil energy production projects.

## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs)  |  | Fiscal/<br>September 30 <sup>th</sup> | Unit   | FY 2021       | FY 2020           | +/-    | Standard                     |
|---|--|---------------------------------------|--|---------------|-------------------|--------|------------------------------|
| Greenhouse Gas – Fleet and Real Estate Management   |  |                                       |  |               |                   |        |                              |
| Siemens fleet<br>(owned or leased vehicles)   | Total number                               | Sept. 30 <sup>th</sup>                | No. (rounded)                                    | <b>43,000</b> | 44,000            | -2.3 % |                              |
|   | Electrical vehicles                        | Sept. 30 <sup>th</sup>                | No.  | <b>656</b>    | n. a.             |        |                              |
|   | Hybrid vehicles                            | Sept. 30 <sup>th</sup>                | No.  | <b>2,719</b>  | n. a.             |        |                              |
|   | Rate of electrical and hybrid vehicles     | Sept. 30 <sup>th</sup>                | % of total fleet                                 | <b>8%</b>     | n. a.             |        |                              |
|   | Fleet emissions (part of Scope 1 emission) | Fiscal Year                           | 1,000 metric tons of CO <sub>2</sub> equivalents | <b>194</b>    | 205               | -5.1 % | GRI 305-1, WEF               |
|   | Fuel consumption fleet                     | Fiscal Year                           | 1,000 gigajoule                                  | <b>2,658</b>  | 2,530             | 5.1 %  |                              |
| Siemens sites with Net-Zero CO <sub>2</sub> emissions   | Total                                      | Sept. 30 <sup>th</sup>                | No.  | <b>32</b>     | 17                | 88.2 % | GRI 305-5, WEF               |
| Environmental Portfolio <sup>1</sup>  |  |                                       |  |               |                   |        |                              |
| Revenue from Environmental Portfolio  | Total                                      | Fiscal Year                           | Billion €  | <b>19.1</b>   | 18.0              | 6.2 %  | SASB RT-EE-410a.3            |
| Share of Revenue from Environmental Portfolio   | Total                                      | Fiscal Year                           | % of total revenue (Sales to 3rd. parties)       | <b>30.7%</b>  | 32.6 %            | -5.7 % | SASB RT-EE-410a.3            |
| Greenhouse gas reductions in the reporting year achieved by our customers through products of the Siemens Environmental Portfolio newly installed in the reporting year | Total                                      | Fiscal Year                           | Mt CO <sub>2</sub>                               | <b>8.4</b>    | 7.0               | 20.1 % | GRI 305-5, WEF               |
| Greenhouse gas reductions in the reporting year achieved by our customers through new and through preexisting products of the Siemens Environmental Portfolio           | Total                                      | Fiscal Year                           | Mt CO <sub>2</sub>                               | <b>87.5</b>   | 80.4 <sup>2</sup> | 8.9 %  | GRI 305-5, WEF               |
| Conservation of Resources <sup>3</sup>  |  |                                       |  |               |                   |        |                              |
| Energy Consumption: Primary & Secondary Energy  | Total                                      | Fiscal Year                           | 1,000 gigajoule                                  | <b>9,863</b>  | 10,416            | -5.3 % | GRI 302-1, SASB RT-EE-130a.1 |
|   | Share of renewable energy sources          | Fiscal Year                           | % of total energy consumption                    | <b>46.4%</b>  | 39.4 %            | 17.7 % | 302-1, SASB RT-EE-130a.1     |
|   | Share of grid electricity                  | Fiscal Year                           | % of total energy consumption                    | <b>54.0%</b>  | 58.0 %            | -6.8 % | GRI 302-1, SASB RT-EE-130a.1 |

<sup>1</sup> Continuing Operation – Industrial business.

<sup>2</sup> For comparability reasons value is adjusted regarding the discontinued Flender business (-69.2 Mt CO<sub>2</sub>).

<sup>3</sup> The calculation method regarding Energy Consumption was changed in FY 21 – therefore FY 20 data were adapted. See chapter Reporting Method.

## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs) |   | Fiscal/<br>September 30 <sup>th</sup> | Unit                             | FY 2021      | FY 2020 | +/-    | Standard                            |
|--|---|---------------------------------------|----------------------------------|--------------|---------|--------|-------------------------------------|
| Energy Consumption: Primary Energy               | Total   | Fiscal Year                           | 1,000<br>gigajoule               | <b>3,198</b> | 3,283   | -2.6%  | GRI 302-1,<br>SASB RT-EE-<br>130a.1 |
|  | Natural gas & liquid<br>gas                         | Fiscal Year                           | 1,000<br>gigajoule               | <b>3,118</b> | 3,199   | -2.5%  | GRI 302-1,<br>SASB RT-EE-<br>130a.1 |
|  | Gas from renewable<br>sources                       | Fiscal Year                           | 1,000<br>gigajoule               | <b>399</b>   | 0       |        | GRI 302-1,<br>SASB RT-EE-<br>130a.1 |
|  | Gas share from<br>renewable sources                 | Fiscal Year                           | % of total gas<br>used           | <b>13%</b>   | 0%      |        | GRI 302-1,<br>SASB RT-EE-<br>130a.1 |
|  | Fuel oil, gasoline,<br>diesel                       | Fiscal Year                           | 1,000<br>gigajoule               | <b>62</b>    | 70      | -11.3% | GRI 302-1,<br>SASB RT-EE-<br>130a.1 |
| Energy consumption: Secondary Energy             | Total   | Fiscal Year                           | 1,000<br>gigajoule               | <b>6,665</b> | 7,133   | -6.6%  | GRI 302-2,<br>SASB RT-EE-<br>130a.1 |
|  | Electricity (total)                                 | Fiscal Year                           | 1,000<br>gigajoule               | <b>5,329</b> | 6,036   | -11.7% | GRI 302-2,<br>SASB RT-EE-<br>130a.1 |
|  | Electricity (renew-<br>able sources)                | Fiscal Year                           | 1,000<br>gigajoule               | <b>4,173</b> | 4,101   | 1.7%   | GRI 302-2,<br>SASB RT-EE-<br>130a.1 |
|  | Electricity Share of<br>renewable energy<br>sources | Fiscal Year                           | % of total elec-<br>tricity used | <b>78%</b>   | 68%     | 15.3%  | GRI 302-2,<br>SASB RT-EE-<br>130a.1 |
|  | District heating                                    | Fiscal Year                           | 1,000<br>gigajoule               | <b>1,337</b> | 1,097   | 21.9%  | GRI 302-2,<br>SASB RT-EE-<br>130a.1 |

6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs) | Fiscal/<br>September 30 <sup>th</sup> | Unit                                | FY 2021      | FY 2020 | +/-    | Standard                     |
|--|---------------------------------------|-------------------------------------|--------------|---------|--------|------------------------------|
| <b>Waste</b>                                     |                                       |                                     |              |         |        |                              |
| Total  | Fiscal Year                           | 1,000 tons                          | <b>275.5</b> | 397.5   | -30.7% | GRI 306-3                    |
| Non-hazardous waste – total                      | Fiscal Year                           | 1,000 tons                          | <b>235.2</b> | 259.1   | -9.2%  | GRI 306-3                    |
| Non-hazardous waste – recycled/recovered         | Fiscal Year                           | 1,000 tons                          | <b>222.3</b> | 245.7   | -9.5%  | GRI 306-3                    |
| Non-hazardous waste – landfill/other disposal    | Fiscal Year                           | 1,000 tons                          | <b>12.9</b>  | 13.5    | -4.4%  | GRI 306-3                    |
| Hazardous waste – total                          | Fiscal Year                           | 1,000 tons                          | <b>11.8</b>  | 18.5    | -35.9% | GRI 306-3, SASB RT-EE-150a.1 |
| Hazardous waste – recycled/recovered             | Fiscal Year                           | 1,000 tons                          | <b>6.1</b>   | 11.6    | -47.2% | GRI 306-3, SASB RT-EE-150a.1 |
| Hazardous waste – landfill/other disposal        | Fiscal Year                           | 1,000 tons                          | <b>6</b>     | 7       | -17.1% | GRI 306-3, SASB RT-EE-150a.1 |
| Construction waste – total                       | Fiscal Year                           | 1,000 tons                          | <b>28</b>    | 120     | -76.2% | GRI 306-3                    |
| Construction waste – recycled/recovered          | Fiscal Year                           | 1,000 tons                          | <b>13</b>    | 113     | -88.2% | GRI 306-3                    |
| Construction waste – landfill/other disposal     | Fiscal Year                           | 1,000 tons                          | <b>15.2</b>  | 7.4     | 105.0% | GRI 306-3                    |
| Total w/o. construction waste                    | Fiscal Year                           | 1,000 tons                          | <b>247.0</b> | 277.5   | -11.0% | GRI 306-3                    |
| Recycled/recovered waste                         | Fiscal Year                           | 1,000 tons                          | <b>228.4</b> | 257.2   | -11.2% | GRI 306-4                    |
| Waste to landfill/other disposal                 | Fiscal Year                           | 1,000 tons                          | <b>19</b>    | 20      | -8.3%  | GRI 306-3                    |
| <b>Recycling &amp; Recovery rate</b>             |                                       |                                     |              |         |        |                              |
| Total (w/o construction)                         | Fiscal Year                           | % of total waste (w/o construction) | <b>92%</b>   | 93%     | -0.2%  | GRI 306-4                    |
| Hazardous waste                                  | Fiscal Year                           | % of total hazardous waste          | <b>52%</b>   | 63%     | -17.7% | GRI 306-4                    |
| Non-hazardous waste                              | Fiscal Year                           | % of total non-hazardous waste      | <b>95%</b>   | 95%     | -0.3%  | GRI 306-4                    |
| Construction waste                               | Fiscal Year                           | % of construction waste             | <b>47%</b>   | 94%     | -50.4% | GRI 306-4                    |
| <b>Landfill/other disposal rate</b>              |                                       |                                     |              |         |        |                              |
| Total (w/o construction)                         | Fiscal Year                           | % of total waste (w/o construction) | <b>8%</b>    | 7%      | 3.0%   | GRI 306-4                    |
| <b>Landfill rate<sup>1</sup></b>                 |                                       |                                     |              |         |        |                              |
| Total (w/o construction)                         | Fiscal Year                           | % of total waste (w/o construction) | <b>3%</b>    | n. a.   |        | GRI 306-4                    |

<sup>1</sup> Siemens without SHS.



## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs) |  | Fiscal/<br>September 30 <sup>th</sup> | Unit   | FY 2021      | FY 2020   | +/-    | Standard       |
|--|--|---------------------------------------|--|--------------|-----------|--------|----------------|
| Material Recycling rate <sup>1</sup>             | Total (w/o construction)   | Fiscal Year                           | % of total waste (w/o construction)                    | <b>83%</b>   | n. a.     |        | GRI 306-4      |
|  | Total (w/o construction)   | Fiscal Year                           | % of recycled/recovered waste total (w/o construction) | <b>88%</b>   | n. a.     |        | GRI 306-4      |
| Water  |  |                                       |  |              |           |        |                |
| Water withdrawal                                 | Total  | Fiscal Year                           | Million cubic meter                                    | <b>15.0</b>  | 15.3      | -1.8%  | GRI 303-3, WEF |
|  | Other water withdrawal   | Fiscal Year                           | Million cubic meter                                    | <b>4.5</b>   | 5.1       | -10.5% | GRI 303-3, WEF |
|  | Chemically unchanged cooling water (returned to receiving water body chemically unchanged, but warmed) | Fiscal Year                           | Million cubic meter                                    | <b>10.5</b>  | 10.3      | 2.5%   | GRI 303-3, WEF |
| Wastewater                                       | Total  | Fiscal Year                           | Million cubic meter                                    | <b>15.1</b>  | 15.3      | -1.5%  | GRI 303-4      |
|  | Sanitary wastewater  | Fiscal Year                           | Million cubic meter                                    | <b>3.0</b>   | 3.3       | -9.5%  | GRI 303-4      |
|  | Manufacturing processes  | Fiscal Year                           | Million cubic meter                                    | <b>0.7</b>   | 0.6       | 23.6%  | GRI 303-4      |
|  | Other (including losses)   | Fiscal Year                           | Million cubic meter                                    | <b>0.8</b>   | 1.0       | -17.1% | GRI 303-4      |
|  | Cooling water discharged as wastewater   | Fiscal Year                           | Million cubic meter                                    | <b>0.1</b>   | 0.2       | -61.0% | GRI 303-4      |
|  | Total wastewater (w/o chemically unchanged cooling water)  | Fiscal Year                           | Million cubic meter                                    | <b>4.6</b>   | 5.0       | -9.6%  | GRI 303-4      |
|  | Chemically unchanged cooling water (returned to receiving water body chemically unchanged, but warmed) | Fiscal Year                           | Million cubic meter                                    | <b>10.5</b>  | 10.3      | 2.4%   | GRI 303-4      |
|  | Rate sites with implemented water strategy <sup>1</sup>  | Total                                 | Sept. 30 <sup>th</sup>                                 | % of sites   | <b>84</b> | 95     | -11.6%         |
| Atmospheric pollutant emissions                  |  |                                       |  |              |           |        |                |
| Volatile Organic Compounds                       | Total  | Fiscal Year                           | metric tons  | <b>253</b>   | 368       | -31.1% | GRI 305-7,     |
| Ozone-depleting substances                       | Total  | Fiscal Year                           | metric tons (R11 equivalent) <sup>2</sup>              | <b>0.030</b> | 0.085     | -64.2% | GRI 305-6,     |
| Nitrogen oxides                                  | Total  | Fiscal Year                           | metric tons  | <b>92.8</b>  | 94.4      | -1.6%  | GRI 305-7,     |

<sup>1</sup> Siemens without SHS.

<sup>2</sup> R11 equivalent measures ozone depletion potential.

## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs)                                      |                            | Fiscal/<br>September 30 <sup>th</sup> | Unit  | FY 2021        | FY 2020 | +/-    | Standard                           |
|---|----------------------------|---------------------------------------|---|----------------|---------|--------|------------------------------------|
| Additional environmental topics   |                            |                                       |   |                |         |        |                                    |
| Environment-related incidents   | Total                      | Fiscal Year                           | No.   | <b>14</b>      | 16      | -12.5% | GRI 307-1,<br>SASB RT-EE-<br>150a2 |
|   | Total                      | Fiscal Year                           | No.   | <b>7</b>       | 13      | -46.2% | GRI 307-1,<br>SASB RT-EE-<br>150a2 |
| Reportable spills   | Quantity reportable spills | Fiscal Year                           | kg  | <b>380</b>     | n. a.   |        | GRI 307-1,<br>SASB RT-EE-<br>150a2 |
|   | Quantity recovered spills  | Fiscal Year                           | kg  | <b>346</b>     | n. a.   |        | GRI 307-1,<br>SASB RT-EE-<br>150a2 |
| Sites with EHS management system ISO 14001:2016                                       | Total                      | Sept. 30 <sup>th</sup>                | No.   | <b>185</b>     | 173     | 6.9%   |                                    |
| Sites with EHS management system ISO 50001  | Total                      | Sept. 30 <sup>th</sup>                | No.   | <b>27</b>      | 29      | -6.9%  |                                    |
| <b>Product Stewardship</b>  |                            |                                       |   |                |         |        |                                    |
| Full-Scale Life Cycle Assessments (LCA)   | Total                      | Sept. 30 <sup>th</sup>                | No.   | <b>158</b>     | 206     | -23,3% |                                    |
| Environment Product Declarations (EPD)  | Total                      | Sept. 30 <sup>th</sup>                | No.   | <b>1.240</b>   | 1.168   | 6,2%   |                                    |
| Share of "Full-Scale Life Cycle Assessment (LCA)" revenue                             | Total                      | Fiscal Year                           | % of total revenue (Sales to 3rd. parties) <sup>1</sup> | <b>79%</b>     | 70%     | 13.0%  |                                    |
| Share of "Environment Product Declarations (EPD)" revenue                             | Total                      | Fiscal Year                           | % of total revenue (Sales to 3rd. parties) <sup>1</sup> | <b>71%</b>     | 71%     | -0.9%  |                                    |
| Rate of products by revenue that contain IEC 62474-declarable substances <sup>2</sup> | Total                      | Fiscal Year                           | % of total revenue (Sales to 3rd. parties)              | <b>67%</b>     | n. a.   |        | SASB RT-EE-<br>410a1               |
| <b>SOCIAL</b>   |                            |                                       |   |                |         |        |                                    |
| <b>Working for Siemens<sup>3</sup></b>  |                            |                                       |   |                |         |        |                                    |
| Siemens employees   | Total                      | Sept. 30 <sup>th</sup>                | No. (rounded)   | <b>303,000</b> | 293,000 | 3.4%   | GRI 102-7,<br>SASB RT-<br>EE_000B  |

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

<sup>2</sup> Siemens without SHS.

<sup>3</sup> All employee data in this section are based on headcount and include Varian.

## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs) |   | Fiscal/<br>September 30 <sup>th</sup> | Unit                            | FY 2021        | FY 2020 | +/-   | Standard       |
|--|---|---------------------------------------|---------------------------------|----------------|---------|-------|----------------|
| Employee Structure                               | EMEA                                    | Sept. 30 <sup>th</sup>                | % of total employees            | <b>56.4%</b>   | 58.8%   | -4.1% | GRI 102-8      |
|  | Americas                                | Sept. 30 <sup>th</sup>                | % of total employees            | <b>20.5%</b>   | 19.3%   | 6.2%  | GRI 102-8      |
|  | Asia / Australia                        | Sept. 30 <sup>th</sup>                | % of total employees            | <b>23.2%</b>   | 21.9%   | 5.9%  | GRI 102-8      |
|  | age group < 35                          | Sept. 30 <sup>th</sup>                | % of total employees            | <b>29.6%</b>   | 29.6%   | 0.0%  | GRI 102-8, WEF |
|  | age group 35 – 44                       | Sept. 30 <sup>th</sup>                | % of total employees            | <b>29.9%</b>   | 29.7%   | 0.7%  | GRI 102-8, WEF |
|  | age group 45 – 54                       | Sept. 30 <sup>th</sup>                | % of total employees            | <b>23.5%</b>   | 23.9%   | -1.7% | GRI 102-8, WEF |
|  | age group > 54                          | Sept. 30 <sup>th</sup>                | % of total employees            | <b>17.0%</b>   | 16.8%   | 1.2%  | GRI 102-8, WEF |
|  | Blue-collar Workers                     | Sept. 30 <sup>th</sup>                | % of total employees            | <b>17.4%</b>   | 18.7%   | -7.0% | GRI 102-8, WEF |
|  | White-collar Workers                    | Sept. 30 <sup>th</sup>                | % of total employees            | <b>82.6%</b>   | 81.3%   | 1.6%  | GRI 102-8, WEF |
| Average number of employees                      | Total                                   | Fiscal Year                           | No.                             | <b>295,582</b> | 294,468 | 0.4%  | GRI 102-7, WEF |
| Average age of employees                         | Total                                   | Sept. 30 <sup>th</sup>                | Years                           | <b>42</b>      | 41      | 2.4%  | GRI 102-8      |
| Employee nationalities                           | Total                                   | Sept. 30 <sup>th</sup>                | No.                             | <b>167</b>     | 168     | -0.6% | GRI 405-1      |
| Female employees                                 | Total                                   | Sept. 30 <sup>th</sup>                | % of total employees            | <b>26.7%</b>   | 26.2%   | 1.9%  | GRI 102-8, WEF |
|  | EMEA                                    | Sept. 30 <sup>th</sup>                | % of total employees            | <b>25.8%</b>   | 25.3%   | 2.0%  | GRI 102-8, WEF |
|  | Americas                                | Sept. 30 <sup>th</sup>                | % of total employees            | <b>28.2%</b>   | 27.6%   | 2.2%  | GRI 102-8, WEF |
|  | Asia / Australia                        | Sept. 30 <sup>th</sup>                | % of total employees            | <b>27.7%</b>   | 27.4%   | 1.1%  | GRI 102-8, WEF |
| Employees in management positions <sup>1</sup>   | Total                                   | Sept. 30 <sup>th</sup>                | No. (rounded)                   | <b>29,900</b>  | 27,200  | 9.9%  |                |
|  | Women                                   | Sept. 30 <sup>th</sup>                | % of total management positions | <b>19.6%</b>   | 18.4%   | 6.5%  | GRI 102-8, WEF |
| Employees with permanent working contract        | Total                                   | Sept. 30 <sup>th</sup>                | % of total employees            | <b>94.0%</b>   | 93.7%   | 0.3%  | GRI 102-8, WEF |
| Hirings  | Total                                   | Fiscal Year                           | No. (rounded)                   | <b>34,400</b>  | 25,200  | 36.5% | GRI 401-1, WEF |
|  | EMEA                                    | Fiscal Year                           | No. (rounded)                   | <b>13,700</b>  | 11,700  | 17.1% | GRI 401-1, WEF |
|  | Americas                                | Fiscal Year                           | No. (rounded)                   | <b>10,600</b>  | 7,500   | 41.3% | GRI 401-1, WEF |
|  | Asia / Australia                        | Fiscal Year                           | No. (rounded)                   | <b>10,100</b>  | 6,000   | 68.3% | GRI 401-1, WEF |
|  | Women – Total                           | Fiscal Year                           | No. (rounded)                   | <b>10,200</b>  | 7,400   | 37.8% | GRI 401-1, WEF |
|  | No / other gender entry (miscellaneous) | Fiscal Year                           | No.                             | <b>12</b>      | n.a.    |       | GRI 401-1, WEF |

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

6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs) | Fiscal/<br>September 30 <sup>th</sup> | Unit                   | FY 2021   | FY 2020 | +/-   | Standard       |
|--|---------------------------------------|------------------------|---|---------|-------|----------------|
| Hiring Rate                                      | Total                                 | Fiscal Year            | % of average number of employees<br><b>11.6%</b>                  | 8.6%    | 34.9% | GRI 401-1, WEF |
|  | EMEA                                  | Fiscal Year            | % of average number of employees EMEA<br><b>8.0%</b>              | 6.8%    | 17.6% | GRI 401-1, WEF |
|  | Americas                              | Fiscal Year            | % of average number of employees Americas<br><b>18.1%</b>         | 13.2%   | 37.1% | GRI 401-1, WEF |
|  | Asia / Australia                      | Fiscal Year            | % of average number of employees Asia / Australia<br><b>15.4%</b> | 9.4%    | 63.8% | GRI 401-1, WEF |
|  | Women                                 | Fiscal Year            | % of average number of female employees<br><b>13.2%</b>           | 9.7%    | 36.1% | GRI 401-1, WEF |
|  | Men                                   | Fiscal Year            | % of average number of male employees<br><b>11.0%</b>             | 8.1%    | 35.8% | GRI 401-1, WEF |
|  | age group < 35                        | Fiscal Year            | % of average number employees in age group<br><b>26.8%</b>        | 18.8%   | 42.6% | GRI 401-1, WEF |
|  | age group 35 – 44                     | Fiscal Year            | % of average number employees in age group<br><b>7.8%</b>         | 6.0%    | 30.0% | GRI 401-1, WEF |
|  | age group 45 – 54                     | Fiscal Year            | % of average number employees in age group<br><b>4.4%</b>         | 3.4%    | 29.4% | GRI 401-1, WEF |
|  | age group > 54                        | Fiscal Year            | % of average number employees in age group<br><b>2.3%</b>         | 2.0%    | 15.0% | GRI 401-1, WEF |
| Female employees new hired                       | Total                                 | Fiscal Year            | % of new hires<br><b>30.2%</b>                                    | 29.7%   | 1.7%  | GRI 401-1, WEF |
|  | EMEA                                  | Fiscal Year            | % of new hires<br><b>28.6%</b>                                    | 28.6%   | 0.0%  | GRI 401-1, WEF |
|  | Americas                              | Fiscal Year            | % of new hires<br><b>33.5%</b>                                    | 32.2%   | 4.0%  | GRI 401-1, WEF |
|  | Asia / Australia                      | Fiscal Year            | % of new hires<br><b>28.9%</b>                                    | 28.7%   | 0.7%  | GRI 401-1, WEF |
| Disabled employees                               | Germany                               | Sept. 30 <sup>th</sup> | No. (rounded)<br><b>5,000</b>                                     | 5,400   | -7.4% | GRI 405-1, WEF |

## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs)   |  | Fiscal/<br>September 30 <sup>th</sup> | Unit                                   | FY 2021        | FY 2020 | +/-    | Standard       |
|--|--|---------------------------------------|--|----------------|---------|--------|----------------|
| Turnover Rate <sup>1</sup>   | Total  | Fiscal Year                           | % of average number of employees       | <b>9.7%</b>    | 8.4%    | 15.5%  | GRI 401-1, WEF |
|  | Decision employee                                  | Fiscal Year                           | % of average number of employees       | <b>4.7%</b>    | 3.5%    | 34.3%  |                |
|  | Other reasons (= not decision empl.)               | Fiscal Year                           | % of average number of employees       | <b>5.0%</b>    | 4.8%    | 4.2%   |                |
|  | Dismissals   | Fiscal Year                           | % of number of total exits             | <b>11.3%</b>   | 14.5%   | -22.1% |                |
|  | Retiring expected within next 5 years <sup>2</sup> | Sept. 30 <sup>th</sup>                | % of total number employees            | <b>10.3%</b>   | 10.0%   | 3.0%   |                |
| Employees – use of working hour programs   | Part-time  | Sept. 30 <sup>th</sup>                | No. (rounded)                          | <b>13,800</b>  | 13,900  | -0.7%  | GRI 102-8      |
|  | On leave of absence                                | Sept. 30 <sup>th</sup>                | No. (rounded)                          | <b>6,300</b>   | 6,200   | 1.6%   |                |
| Employees represented by an independent trade union or covered by collective bargaining agreements | Germany  | Sept. 30 <sup>th</sup>                | No. (rounded)                          | <b>83,600</b>  | 87,700  | -4.7%  | GRI 102-41     |
|  | Germany  | Sept. 30 <sup>th</sup>                | % of total German employees            | <b>97.7</b>    | 97.8    | -0.1%  | GRI 102-41     |
| Average weekly standard working hours <sup>3</sup>   | Total  | Sept. 30 <sup>th</sup>                | Hours                                  | <b>39.5</b>    | 39.3    | 0.5%   |                |
|  | EMEA   | Sept. 30 <sup>th</sup>                | Hours                                  | <b>38.0</b>    | 37.9    | 0.3%   |                |
|  | Americas   | Sept. 30 <sup>th</sup>                | Hours                                  | <b>41.0</b>    | 41.1    | -0.2%  |                |
|  | Asia / Australia                                   | Sept. 30 <sup>th</sup>                | Hours                                  | <b>41.9</b>    | 41.5    | 1.0%   |                |
| Talent Entry Programs  |  |                                       |  |                |         |        |                |
| Siemens CEO* Program   | Community Total                                    | Sept. 30 <sup>th</sup>                | No.                                    | <b>26</b>      | 35      | -25.7% | GRI 404-2, WEF |
|  | Active participants                                | Sept. 30 <sup>th</sup>                | No.                                    | <b>5</b>       | 5       | 0.0%   | GRI 404-2, WEF |
| Siemens Finance Excellence Program (FEP)   | Community Total                                    | Sept. 30 <sup>th</sup>                | No.                                    | <b>68</b>      | 76      | -10.5% | GRI 404-2, WEF |
|  | Active participants                                | Sept. 30 <sup>th</sup>                | No.                                    | <b>7</b>       | 10      | -30.0% | GRI 404-2, WEF |
| Siemens Graduate Program (SGP)   | Community Total                                    | Sept. 30 <sup>th</sup>                | No.                                    | <b>910</b>     | 1,134   | -19.8% | GRI 404-2, WEF |
|  | Active participants                                | Sept. 30 <sup>th</sup>                | No.                                    | <b>76</b>      | 64      | 18.8%  | GRI 404-2, WEF |
| Employee Share programs  |  |                                       |  |                |         |        |                |
| Employees participating in the Siemens employee share plans  | Total (w/o SHS)                                    | Fiscal Year                           | No. (rounded)                          | <b>100,700</b> | 102,600 | -1.9%  | GRI 401-2      |
| Participation rate of employee share plans   | Total (w/o SHS)                                    | Fiscal Year                           | % of employees <sup>4</sup>            | <b>45%</b>     | 44%     | 2.3%   | GRI 401-2      |
|  | Siemens Healthineers AG                            | Fiscal Year                           | % of Siemens Healthineers AG employees | <b>52%</b>     | 50%     | 4.2%   | GRI 401-2      |

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

<sup>2</sup> Estimated retiring age 63 years.

<sup>3</sup> Contractually agreed weekly working hours at the end of the business year.

<sup>4</sup> Based on employees with eligibility to share plans.

## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs)   |   | Fiscal/<br>September 30 <sup>th</sup> | Unit          | FY 2021      | FY 2020 | +/-    | Standard       |
|--|---|---------------------------------------|---------------|--------------|---------|--------|----------------|
| Pensions <sup>1</sup>  |   |                                       |               |              |         |        |                |
|  | Total   | Fiscal Year                           | Million €     | <b>3,974</b> | 5,451   | -27.1% | GRI 401-2      |
| Contributions to defined benefit plans, state plans and defined contribution plans                                   | Contributions to defined contribution plans     | Fiscal Year                           | Million €     | <b>484</b>   | 710     | -31.8% | GRI 401-2      |
|  | Contributions to state plans                    | Fiscal Year                           | Million €     | <b>1,449</b> | 1,844   | -21.4% | GRI 401-2      |
|  | Employer contributions to defined benefit plans | Fiscal Year                           | Million €     | <b>2,041</b> | 2,898   | -29.6% | GRI 401-2      |
| <b>Training and development</b>  |   |                                       |               |              |         |        |                |
| Apprentices and dual students  | Total   | Sept. 30 <sup>th</sup>                | No. (rounded) | <b>6,700</b> | 6,800   | -1.5%  | GRI 404-2      |
|  | Outside of Germany                              | Sept. 30 <sup>th</sup>                | No. (rounded) | <b>2,000</b> | 2,000   | 0.0%   | GRI 404-2      |
|  | Germany   | Sept. 30 <sup>th</sup>                | No. (rounded) | <b>4,700</b> | 4,800   | -2.1%  | GRI 404-2      |
|  | Germany – internals                             | Sept. 30 <sup>th</sup>                | No. (rounded) | <b>3,700</b> | 3,900   | -5.1%  | GRI 404-2      |
|  | Germany – for third parties                     | Sept. 30 <sup>th</sup>                | No. (rounded) | <b>1,000</b> | 900     | 11.1%  | GRI 404-2      |
|  | Germany – new internals starting in fiscal year | Fiscal Year                           | No.           | <b>1,085</b> | 1,161   | -6.5%  | GRI 404-2      |
| Average number of interns/students with an educational/learning target (e.g. mandatory internship, doctoral student) | Total   | Fiscal Year                           | No.           | <b>788</b>   | 767     | 2.7%   | GRI 404-2      |
| International Tech development programs  | Participants                                    | Fiscal Year                           | No.           | <b>45</b>    | 51      | -11.8% | GRI 404-2, WEF |
|  | Number of home countries of participants        | Fiscal Year                           | No.           | <b>17</b>    | 15      | 13.3%  | GRI 404-2, WEF |
| Spend on education (apprenticeship)  | Total   | Fiscal Year                           | Million €     | <b>153.1</b> | 159.0   | -3.7%  | GRI 404-2, WEF |
| Spend on employee training   | Total   | Fiscal Year                           | Million €     | <b>164.8</b> | 161.9   | 1.8%   | GRI 404-2, WEF |
| Spend on employee education and training   | Total   | Fiscal Year                           | Million €     | <b>317.9</b> | 320.9   | -0.9%  | GRI 404-2, WEF |
| Spend on employee training per employee  | Total   | Fiscal Year                           | €             | <b>573</b>   | 551     | 4.0%   | GRI 404-2, WEF |
| Spend on employee training per full time employee  | Total   | Fiscal Year                           | €             | <b>581</b>   | 559     | 3.9%   | GRI 404-2, WEF |
| Average training hours per employee  | Total   | Fiscal Year                           | No.           | <b>22</b>    | 17      | 29.4%  | GRI 404-1, WEF |
|  | Digital learning                                | Fiscal Year                           | No.           | <b>19</b>    | 11      | 72.7%  | GRI 404-1, WEF |
|  | On-site training                                | Fiscal Year                           | No.           | <b>3</b>     | 6       | -50.0% | GRI 404-1, WEF |
|  | Women   | Fiscal Year                           | No.           | <b>22</b>    | 17      | 29.4%  | GRI 404-1, WEF |
|  | Men   | Fiscal Year                           | No.           | <b>22</b>    | 17      | 29.4%  | GRI 404-1, WEF |
|  | Blue-collar Workers                             | Fiscal Year                           | No.           | <b>12</b>    | 7       | 71.4%  | GRI 404-1, WEF |
|  | White-collar Workers                            | Fiscal Year                           | No.           | <b>24</b>    | 19      | 26.3%  | GRI 404-1, WEF |

<sup>1</sup> Contains data from the discontinued Flender business and the new acquired Varian business.

## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs)                           |                    | Fiscal/<br>September 30 <sup>th</sup> | Unit                  | FY 2021        | FY 2020 | +/-    | Standard       |
|--|--------------------|---------------------------------------|-----------------------|----------------|---------|--------|----------------|
| Growth rate of learning hours to base year                                 | Total              | Fiscal Year                           | % to base year (2020) | <b>28%</b>     | n. a.   |        | GRI 404-1, WEF |
|  | Digital learning   | Fiscal Year                           | % to base year (2020) | <b>71%</b>     | n. a.   |        | GRI 404-1, WEF |
| Siemens Core Learning Paths (CLP)  | Total              | Fiscal Year                           | No.                   | <b>28</b>      | 44      | -36.4% | GRI 404-2, WEF |
| Modules in Siemens digital global learning platform "My Learning World"    | Total              | Fiscal Year                           | No. (rounded)         | <b>100,000</b> | 59,000  | 69.5%  | GRI 404-2, WEF |
| Siemens Potential-Development Programs (PDP)                               | Total              | Fiscal Year                           | No.                   | <b>34</b>      | 32      | 6.3%   | GRI 404-2, WEF |
| <b>Occupational health &amp; safety</b>                                    |                    |                                       |                       |                |         |        |                |
| Fatalities – work related  | Total              | Fiscal Year                           | No.                   | <b>4</b>       | 1       | 300.0% | GRI 403-9, WEF |
|  | Temporary Workers  | Fiscal Year                           | No.                   | <b>2</b>       | 0       |        | GRI 403-9, WEF |
|  | Employees          | Fiscal Year                           | No.                   | <b>0</b>       | 0       |        | GRI 403-9, WEF |
|  | Contractors        | Fiscal Year                           | No.                   | <b>2</b>       | 1       | 100.0% | GRI 403-9, WEF |
| Fatality Rate – work related <sup>2</sup>                                  | Total <sup>1</sup> | Fiscal Year                           | No.                   | <b>0.001</b>   | 0.000   |        | GRI 403-9, WEF |
|  | Temporary Workers  | Fiscal Year                           | No.                   | <b>0.007</b>   | 0.000   |        | GRI 403-9, WEF |
|  | Employees          | Fiscal Year                           | No.                   | <b>0.000</b>   | 0.000   |        | GRI 403-9, WEF |
| High-consequence work-related injuries (excluding fatalities) <sup>3</sup> | Total              | Fiscal Year                           | No.                   | <b>22</b>      | n. a.   |        | GRI 403-9, WEF |
|  | Temporary Workers  | Fiscal Year                           | No.                   | <b>1</b>       | n. a.   |        | GRI 403-9, WEF |
|  | Employees          | Fiscal Year                           | No.                   | <b>21</b>      | n. a.   |        | GRI 403-9, WEF |
| High-consequence injuries rate <sup>4</sup>                                | Total              | Fiscal Year                           | No.                   | <b>0.007</b>   | n. a.   |        | GRI 403-9, WEF |
|  | Temporary Workers  | Fiscal Year                           | No.                   | <b>0.003</b>   | n. a.   |        | GRI 403-9, WEF |
|  | Employees          | Fiscal Year                           | No.                   | <b>0.008</b>   | n. a.   |        | GRI 403-9, WEF |
| Recordable injuries  | Total              | Fiscal Year                           | No.                   | <b>1,572</b>   | n. a.   |        | GRI 403-9, WEF |
|  | Temporary Workers  | Fiscal Year                           | No.                   | <b>247</b>     | n. a.   |        | GRI 403-9, WEF |
|  | Employees          | Fiscal Year                           | No.                   | <b>1,325</b>   | n. a.   |        | GRI 403-9, WEF |
| Total recordable injuries rate <sup>5</sup>                                | Total              | Fiscal Year                           | No.                   | <b>0.510</b>   | n. a.   |        | GRI 403-9, WEF |
|  | Temporary Workers  | Fiscal Year                           | No.                   | <b>0.828</b>   | n. a.   |        | GRI 403-9, WEF |
|  | Employees          | Fiscal Year                           | No.                   | <b>0.476</b>   | n. a.   |        | GRI 403-9, WEF |

<sup>1</sup> Fatality Rate w/o contractors

<sup>2</sup> Number of fatalities x 200,000 / working hours.

<sup>3</sup> SHS changed their event reporting method for some countries within the reporting period and therefore this KPI might be incomplete.

<sup>4</sup> Number of high-consequence injuries x 200,000 / working hours.

<sup>5</sup> Number of Recordable injuries x 200,000 / working hours.

## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs)     | Fiscal/<br>September 30 <sup>th</sup> | Unit                   | FY 2021                     | FY 2020                  | +/-   | Standard |                    |
|--|---------------------------------------|------------------------|-----------------------------|--------------------------|-------|----------|--------------------|
| Lost time injuries (LTI)                             | Total                                 | Fiscal Year            | No.                         | <b>856</b>               | 907   | -5.6%    | GRI 403-9,<br>WEF  |
|  | Temporary Workers                     | Fiscal Year            | No.                         | <b>115</b>               | 110   | 4.5%     | GRI 403-9,<br>WEF  |
|  | Employees                             | Fiscal Year            | No.                         | <b>741</b>               | 797   | -7.0%    | GRI 403-9,<br>WEF  |
| Lost time injury frequency rate (LTIFR) <sup>1</sup> | Total                                 | Fiscal Year            | No.                         | <b>0.278</b>             | 0.303 | -8.3%    | GRI 403-9,<br>WEF  |
|  | Temporary Workers                     | Fiscal Year            | No.                         | <b>0.385</b>             | 0.680 | -43.3%   | GRI 403-9,<br>WEF  |
|  | Employees                             | Fiscal Year            | No.                         | <b>0.266</b>             | 0.281 | -5.3%    | GRI 403-9,<br>WEF  |
| Occupational Illness cases                           | Essential Countries                   | Fiscal Year            | No.                         | <b>78+x<sup>2</sup></b>  | n. a. |          | GRI 403-10,<br>WEF |
| Occupational Illness frequency rate (OIFR)           | Essential Countries                   | Fiscal Year            | No.                         | <b>n. a.<sup>3</sup></b> | n. a. |          |                    |
| Fatalities due to occupational Illness               | Essential Countries                   | Fiscal Year            | No.                         | <b>8+x<sup>2</sup></b>   | n. a. |          |                    |
| Rate of employees covered with OHS MS certificate    | Total                                 | Sept. 30 <sup>th</sup> | % of total number employees | <b>59.5%</b>             | n. a. |          | WEF                |
| <b>Corporate Citizenship</b>                         |                                       |                        |                             |                          |       |          |                    |
| Donations  | Total                                 | Fiscal Year            | Million €                   | <b>28.5</b>              | 33.7  | -15.3%   | GRI 201-1,<br>WEF  |
|  | Total                                 | Fiscal Year            | % of Net Income             | <b>0.4%</b>              | 0.8%  | -46.9%   | GRI 201-1,<br>WEF  |
|  | EMEA                                  | Fiscal Year            | Million €                   | <b>12.4</b>              | 19.5  | -36.4%   | GRI 201-1,<br>WEF  |
|  | Americas                              | Fiscal Year            | Million €                   | <b>7.1</b>               | 9.0   | -20.6%   | GRI 201-1,<br>WEF  |
|  | Asia /Australia                       | Fiscal Year            | Million €                   | <b>9.0</b>               | 5.2   | 74.0%    | GRI 201-1,<br>WEF  |
| Sponsoring social programs (e.g. arts and education) | Total                                 | Fiscal Year            | Million €                   | <b>12.1</b>              | n. a. |          | GRI 201-1,<br>WEF  |
|  | EMEA                                  | Fiscal Year            | Million €                   | <b>7.3</b>               | n. a. |          | GRI 201-1,<br>WEF  |
|  | Americas                              | Fiscal Year            | Million €                   | <b>3.3</b>               | n. a. |          | GRI 201-1,<br>WEF  |
|  | Asia /Australia                       | Fiscal Year            | Million €                   | <b>1.5</b>               | n. a. |          | GRI 201-1,<br>WEF  |
| Community investment total                           | Total                                 | Fiscal Year            | Million €                   | <b>40.6</b>              | n. a. |          | GRI 201-1,<br>WEF  |
|  | Total                                 | Fiscal Year            | % of Net Income             | <b>0.6%</b>              | n. a. |          | GRI 201-1,<br>WEF  |
|  | EMEA                                  | Fiscal Year            | Million €                   | <b>19.7</b>              | n. a. |          | GRI 201-1,<br>WEF  |
|  | Americas                              | Fiscal Year            | Million €                   | <b>10.5</b>              | n. a. |          | GRI 201-1,<br>WEF  |
|  | Asia /Australia                       | Fiscal Year            | Million €                   | <b>10.5</b>              | n. a. |          | GRI 201-1,<br>WEF  |

<sup>1</sup> Number of Lost Time Cases (LTC) x 200,000 / working hours. LTC are accidents that results in at least one lost working day.

<sup>2</sup> Due to changes in the IT systems of German workers compensation board, the number can't be calculated completely.

<sup>3</sup> Due to changes in the IT systems of German workers compensation board, the OIFR can't be calculated.



## 6 Our sustainability indicators

| Sustainability Key Performance Indicators (KPIs)  |                   | Fiscal Year/<br>September 30 <sup>th</sup> | Unit  | FY 2021          | FY 2020 | +/-      |
|---|-------------------|--|---|------------------|---------|----------|
| <b>DEGREE FRAMEWORK – KPI OVERVIEW (figures generally without Siemens Healthineers)</b> |                   |  |   |                  |         |          |
| <b>Decarbonization</b>  |                   |  |   |                  |         |          |
| CO <sub>2</sub> Emission Scope 1 + 2  | Total (incl. SHS) | Fiscal Year                                | 1,000 metric tons<br>of CO <sub>2</sub> equivalents | <b>595</b>       | 678     | - 12.2 % |
| Supply Chain: Emission reduction to base year   | Total (w/o SHS)   | Fiscal Year                                | % to base year<br>(2020) <sup>1</sup>               | <b>0.6 %</b>     | n. a.   |          |
| <b>Ethics</b>   |                   |  |   |                  |         |          |
| Quota of participants of Business conduct guideline training (since FY 2020)            | Total (w/o SHS)   | up to Sept.<br>30 <sup>th</sup>            | % of total number<br>of employees                   | <b>76 %</b>      | n. a.   |          |
| <b>Governance</b>   |                   |  |   |                  |         |          |
| <b>Resource efficiency</b>  |                   |  |   |                  |         |          |
| Quota of product families with robust eco-design  | Total (w/o SHS)   | Fiscal Year                                | % of relevant<br>revenue <sup>2</sup>               | <b>26 %</b>      | n. a.   |          |
| Purchase quota – Secondary material for metals  | Total (w/o SHS)   | Fiscal Year                                | % of relevant<br>purchase volume                    | <b>38 %</b>      | n. a.   |          |
| Purchase quota – Secondary material for plastics  | Total (w/o SHS)   | Fiscal Year                                | % of relevant<br>purchase volume                    | <b>&lt;1.0 %</b> | n. a.   |          |
| Landfill waste (w/o other disposal and w/o construction waste)                          | Total (w/o SHS)   | Fiscal Year                                | 1,000 tons  | <b>7.0</b>       | n. a.   |          |
| <b>Equity</b>   |                   |  |   |                  |         |          |
| Female share in Top Management  | Total (w/o SHS)   | Sept. 30 <sup>th</sup>                     | % of persons in<br>Top Management                   | <b>27.5 %</b>    | 22.7 %  | 21.1 %   |
| Share of employees with access to Siemens employee share plans                          | Total (w/o SHS)   | Fiscal Year                                | % of total number<br>of employees <sup>3</sup>      | <b>98 %</b>      | n. a.   |          |
| <b>Employability</b>  |                   |  |   |                  |         |          |
| Digital learning hours per employee   | Total (w/o SHS)   | Fiscal Year                                | No.   | <b>17</b>        | 7       | 142.9 %  |
| Level of access to employee assistance program  | Total (w/o SHS)   | Sept. 30 <sup>th</sup>                     | % of total number<br>of employees                   | <b>87 %</b>      | 82 %    | 6.1 %    |
| Improvement in global LTIFR <sup>4</sup> to base year                                   | Total (w/o SHS)   | Fiscal Year                                | % to base year<br>(2020)                            | <b>13 %</b>      | n. a.   |          |

<sup>1</sup> Base year 2020 is calculated w/o individual supplier emission data.

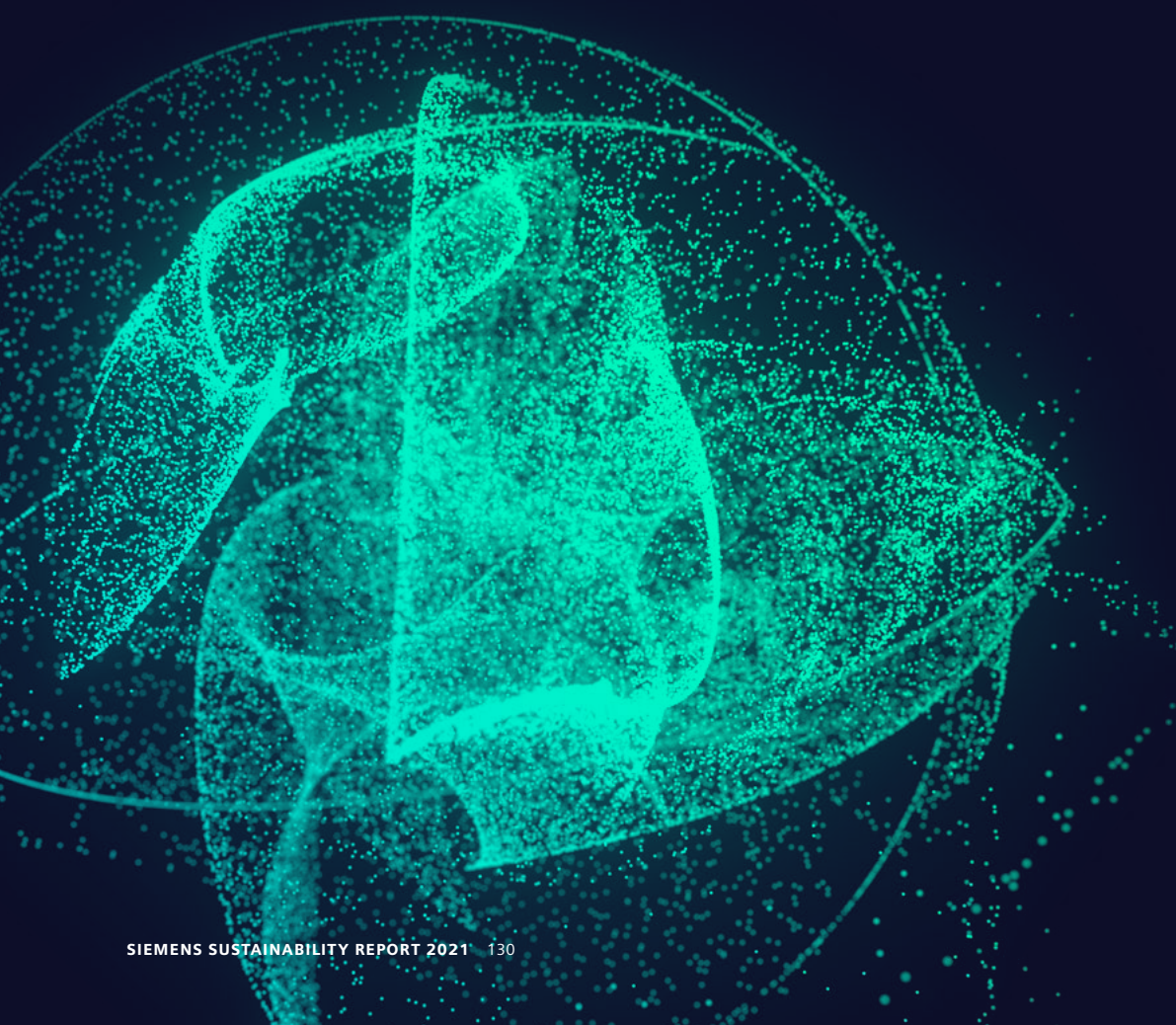
<sup>2</sup> In FY 2021 we had a revenue share of products being in scope of the robust eco design criteria of 55 % of the total Siemens without SHS revenue.

<sup>3</sup> Where legally possible and reasonable.

<sup>4</sup> Number of recordable injuries x 200,000 / working hours.

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# Annex



## 7.1

# Reporting methodology

Sustainability is a fundamental principle that guides our every action. The Sustainability Report 2021 supplements our financial reporting in fiscal 2021. This chapter describes the key elements of our sustainability reporting.

## Reporting approach

The Sustainability Report 2021 explains the strategy, organization, initiatives, programs, management systems, measures, and goals of sustainable corporate governance. It supplements the financial reporting provided in the current Annual Report and updates the financial reporting from the previous year. It also documents the progress we have made in the implementation of the Ten Principles of the United Nations Global Compact, as well as the United Nations CEO Water Mandate and the Task Force on Climate-Related Financial Disclosures.

This report has been prepared in accordance with the GRI Standards Comprehensive Option, as well as the anti-corruption reporting recommendations of the Global Compact and Transparency International. Our reporting of human rights activities is based on the UN Guiding Principles (UN GP) Reporting Framework and the corresponding guidelines. All figures of the Environmental Portfolio are reported in accordance with the principles set forth in the chapter on Environmental Portfolio reporting principles.

➤ [ENVIRONMENTAL PORTFOLIO REPORTING PRINCIPLES.](#)

## Reporting period and report boundaries

This report refers to the Siemens 2021 fiscal year (October 1, 2020, to September 30, 2021). Any exceptions are indicated as such. In general, all our fully consolidated companies are covered by the report. Only the company Varian Medical System Inc.

acquired in April 2021 is not included in the numbers, with a few exceptions. Varian's numbers are only included in the key indicators that are also presented in the Annual Report, such as revenues and the number of employees. These instances are noted in the report. Thus, the numbers of the Flender Group, which was removed from the basis of consolidation in March 2021, are not included in the numbers for fiscal 2021. The Flender numbers had still been presented in fiscal 2020. Minority interests are not included in the report, as a general rule. Unless otherwise noted, the key indicators and information reported below relate to the company's continuing operations. Some management approaches do not cover all Siemens entities or parts of the organization. Some parts of the Siemens organization may have introduced specific programs or initiatives that differ from the general approaches described in this report. Nonetheless, they are consistent with the DEGREE framework and the global non-financial programs and initiatives of Siemens.

## Data collection

Given the size and worldwide presence of Siemens, data collection poses a logistical challenge. Moreover, our companies throughout the world must comply with national regulations concerning the compilation and definition of their key figures, which means that the generated data is not always comparable. Where applicable, we point out any significant limitations in the information presented in the report. Generally speaking, there are no standards applicable to all companies for the information published in the report. This applies in particular to certain financial indicators including the revenue attributable to the Environmental Portfolio, for example. As a result, the data published by us may not be comparable with

the data published by other companies under the same or similar designations.

The data presented in this report is collected via various internal reporting systems which are for the most part different from those used to collect the financial information presented in our consolidated financial statements. In particular, the internal reporting systems used to collect the information presented in this report may be subject to less stringent internal documentation, data generation, and audit requirements, also with respect to the IT systems and controls employed. We reserve the right to change the internal guidelines applicable to the collection of the data published in this report without prior notice. Due to rounding, some of the numbers presented in this report may not add up exactly to the presented totals and percentages may not exactly reflect the absolute figures to which they refer.

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

Within our environmental information system, we evaluated 237 reports from locations in all relevant countries in which defined threshold values for environmental management parameters such as energy usage, resource usage, and emissions were exceeded in fiscal 2021. We use absolute values such as energy consumption in gigajoules to measure and monitor our environmental impacts. We report environmental data for continued operations. Values have been extrapolated to 100% coverage in order to reflect total consumption. The extrapolation is conducted on the basis of the area not covered in the reporting system. The difference represents a share of 18%. In fiscal 2021, we adjusted the methodology applied to calculate the primary and secondary energy of the extrapolated locations and refined the value by application of internal extrapolation factors. The prior-year values were adjusted to reflect the new methodology to ensure comparability.

We monitor our environmental impacts for all environmentally relevant office and production sites

on the basis of environmental data collected on a quarterly basis.

### Collection of data on selected areas of impact (business-to-society contributions)

#### Strengthening the economy – Economic impact

An external service provider has analyzed global gross value-added (measured as the contribution to gross domestic product [GDP]) and the related employment (expressed as number of jobs) and assessed the impact of the global business activities of Siemens. Gross value-added is a measure of the value generated in the economy and represents the difference between the value of goods and services sold and the value of the goods and services used as an input to their production. Generally speaking, this value corresponds to GDP at the company level and sector level. The sum of the gross value-added contributions of all economic sectors is equivalent to a country's GDP. The contribution to GDP and employment is divided into three levels:

- Direct contribution: The increase in GDP and employment resulting from the supply of Siemens' goods and services.
- Supply chain spend contribution (indirect): The worldwide increase in GDP and employment caused by Siemens' demand for goods and services from its global suppliers and their suppliers. This is often referred to as the "indirect contribution."
- Employee spend contribution (induced): The worldwide increase in GDP and employment in the wider economy resulting from the spending of salary and wages by employees of Siemens and its suppliers. This is often referred to as the "induced contribution."

This analysis was initially conducted in 2015 and updated in fiscal 2019 for Siemens excluding Siemens Energy. The direct contributions were calculated on the basis of Siemens data. The indirect and induced contributions were estimated with the aid of a macroeconomic model (PwC Escher). The reference period for the collection of the data presented in the chapter [OUR MOST IMPORTANT AREAS OF IMPACT](#) was fiscal year 2019.

### **Improving quality of life:**

#### **Access to healthcare**

Based on the World Bank definition of low-income and lower-middle-income economies, plus the specific additions in Africa and conflict regions in the Middle East defined by Siemens Healthineers, 90 countries of the world have inadequate healthcare. Touchpoints are calculated with reference to the installed base of imaging and advanced therapy equipment and the number of laboratory tests sold. Based on available usage data and expert estimates, the assumptions applied in performing the calculations are an average number of 2,800 touchpoints per year per installed unit and an average number of 3.6 laboratory tests per touchpoint.

### **Improving quality of life:**

#### **AI-supported products**

AI-supported products are commercial products containing at least one identifiable and differentiating AI-supported component. AI-supported products with similar core technologies but various deployment scenarios (e.g., cloud versus workstation, live versus postprocessing) are counted as separate units.

### **Independent assurance**

Our sustainability reporting is subject to high quality standards. As in the previous years, therefore, we commissioned an independent audit firm to conduct a limited assurance of our Sustainability Report 2021. The results of the assurance conducted by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft are presented in the chapter [INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT](#).

## 7.2

# Environmental Portfolio reporting principles

## Environmental Portfolio Guideline

Because there were no generally accepted international standards addressing the identification and reporting of so-called “green products” until the introduction of the EU Taxonomy Regulation as of January 1, 2022, we report the revenue generated from our Environmental Portfolio and the resulting accumulated annual reduction of carbon dioxide emissions achieved at our customers in accordance with the internal regulations defined in our Environmental Portfolio Guideline. Beginning in 2022, key figures on sustainable activities will be reported in accordance with the new EU Taxonomy.

This Siemens Guideline sets out criteria and processes for the qualification of elements for the Environmental Portfolio, defines the roles and responsibilities as well as the processes to account for annual customer reduction of carbon dioxide emissions, and refers to the financial reporting guidelines for the recognition of revenue. It is based on the Reporting Principles set forth in “A Corporate Accounting and Reporting Standard – Revised Edition” and the “GHG Protocol for Project Accounting” issued by the Greenhouse Gas Protocol Initiative. These principles are: relevance, completeness, consistency, transparency, accuracy, and conservativeness. The revenue generated from the Environmental Portfolio is in accordance with the revenue recognition policies explained in [NOTE 2 IN B.6 NOTES](#) within the Consolidated Financial Statements for fiscal 2021.

## Scope of reporting

The Environmental Portfolio-related key performance indicators are revenue and the reduction of our customers’ carbon dioxide emissions attributable to elements of the Siemens Environmental Portfolio.

The reduction of our customers’ carbon dioxide emissions is calculated by comparing the Environmental Portfolio elements with a reference solution. The annual carbon dioxide reduction achieved in the reporting year is calculated on the basis of technical parameters (such as installed capacity in megawatts in the reporting year or operating hours). For all Environmental Portfolio elements sold in a reporting year, the annual reductions are added up to calculate the annual reduction of our customers’ carbon dioxide emissions at the end of that year.

Our Environmental Portfolio elements are typically long-lasting products (such as motors) or infrastructure elements such as trains that contribute to the reduction of carbon dioxide emissions not only in the reporting year, but for many years. For this reason, we also calculate the accumulated annual reduction of our customers’ carbon dioxide emissions. The accumulated annual reduction of carbon dioxide emissions is calculated as the reduction of our customers’ carbon dioxide emissions that can be attributed to the Environmental Portfolio elements installed in the current reporting period (see above), plus the elements installed since the beginning of fiscal 2002 that are still in use by the customer. If elements installed in previous reporting periods are no longer in use, they are no longer included in the calculation of the accumulated annual reduction of carbon dioxide emissions in the respective reporting period.

For the Environmental Portfolio elements installed in a given reporting period, we include the reduction of carbon dioxide emissions over the entire reporting period, irrespective of the actual date of installation during the year of first-time recognition.

### Governance – Processes and definitions

The qualification and reporting of our Environmental Portfolio elements are based on clearly defined processes and criteria.

In principle, the products, systems, solutions, and services of the Siemens operating units in the industrial business can qualify for the Environmental Portfolio. The entire Siemens industrial business portfolio is reviewed every year to ensure the appropriate qualification of Environmental Portfolio elements based on the criteria described in the following. Newly integrated elements are included in the report as of the date when they were added. Elements that no longer fulfill our qualification criteria are removed from the Environmental Portfolio; prior reporting periods are not adjusted.

Before being added to the Environmental Portfolio, potential new Environmental Portfolio elements are subjected to a multilevel internal evaluation process and reviewed by the respective Siemens entities and the Sustainability Department.

Within this process, Siemens verifies the completeness of documentation supporting the fulfillment of the qualification criteria. It also looks for any significant adverse impacts. If adverse impacts are found, it must be determined whether a potential Environmental Portfolio element, despite fulfilling the qualification criteria, could possibly have much greater impacts on the environment elsewhere in the element's lifecycle. If significant adverse impacts are identified, the corresponding element is not added to the Environmental Portfolio.

If the revenue generated from an Environmental Portfolio element cannot be accurately separated from our total revenue, the respective revenue is not presented and reported due to the principle of conservativeness.

The Siemens Sustainability Board chaired by Siemens Managing Board member and Chief Sustainability Officer Judith Wiese confirms any changes made to the composition of the Environmental Portfolio every year. Another task of the Sustainability Board is to discuss potential concerns of external stakeholders with regard to the addition or removal of certain technologies to or from the Environmental Portfolio.

### Criteria for the addition of elements to the Environmental Portfolio

An Environmental Portfolio element can be a product, system, solution, or service, as defined above.

If all the products, systems, solutions, or services of a Siemens organizational unit meet one of the selection criteria, this unit may be considered in its entirety as an Environmental Portfolio element.

Furthermore, a core component of a system or solution may qualify as an Environmental Portfolio element if the component provided by Siemens is key to enabling the system or solution to generate an environmental benefit. This means that the environmental functionality of the overall system or solution cannot be achieved without the component provided by Siemens. Examples of core components qualifying as elements of the Siemens Environmental Portfolio are transformers for wind farms.

Service types are differentiated between "product-related services" and "value-added services." If a Siemens product, system, or solution qualifies as an Environmental Portfolio element, the revenue and where applicable, the annual reduction of our customers' carbon dioxide emissions attributable to "product-related services" are generally accounted for

and reported in connection with the relevant Environmental Portfolio element. In the case of “value-added services,” the revenue and where applicable, the annual reduction of our customers’ carbon dioxide emissions are only accounted for and reported if the service itself qualifies as an Environmental Portfolio element by meeting one of the selection criteria described below.

To qualify for inclusion in the Environmental Portfolio, an element must meet one of the following selection criteria. Products, systems, solutions, and services to be used for military or nuclear power purposes are not included in the Environmental Portfolio.

### **Energy efficiency**

The criterion for energy efficiency is an improvement in energy efficiency of 20% or more during the customer use phase compared to the applicable baseline, or a reduction of at least 100,000 metric tons of carbon dioxide equivalents per reporting period in the customer use phase compared to the applicable baseline. If an energy efficiency increase can only be reasonably defined as reduction of dissipation losses, a 20% reduction of dissipation loss would also qualify products for our Environmental Portfolio.

Examples of products and systems that meet the abovementioned energy efficiency criteria include smart building technology systems (reducing carbon dioxide emissions by at least 100,000 metric tons per reporting period) and passenger and freight rail transport (20% efficiency improvement).

### **Renewable energy**

This criterion is met by technologies in the field of renewable energy sources or smart grid<sup>1</sup> applications and their respective core components. The renewable energy criterion covers technologies for power generation from wind and biomass, for example.

Examples of such Environmental Portfolio elements include smart metering and grid applications.

### **Determination of the reference solution: Baseline methods**

Energy efficiency and the annual reduction of our customers’ carbon dioxide emissions are determined by comparison with a reference solution (baseline). There are three different options for determining the reference solution: before-and-after comparison, direct comparison with a reference technology, or comparison with the installed base. The final decision as to which baseline is to be applied is made by the respective unit:

#### **Before-and-after comparison**

A before-and-after comparison refers to the determination of the difference between an initial situation at the customer and the situation after installation of Siemens products, systems, solutions, or services. A before-and-after comparison presupposes the presence of previously existing products, systems, solutions, or services at the customer, the characteristics of which are improved or replaced by the use of Siemens products, systems, solutions, or services. It makes sense to apply such a comparison when the energy consumption of a building is improved, for example.

<sup>1</sup> According to the National Institute of Standards and Technology (NIST) – Smart Grid Interoperability Standards Project (USA), the term smart grid “refers to a modernization of the electricity delivery system so that it monitors, protects, and automatically optimizes the operation of its interconnected elements – from central and distributed generation through the high-voltage transmission network and the distribution system to industrial users and building automation systems, to energy storage installations and to end-use consumers and their thermostats, electric vehicles, appliances, and other household devices.”



**Direct comparison with a reference technology**

Direct comparison with a reference technology refers to the difference between Siemens products, systems, solutions, or services and either an appropriate other technology or predecessor system. Direct comparison with a reference technology presupposes the existence of alternative or predecessor products, systems, solutions, or services in the market, which are employed for the same or a similar purpose. An example is the comparison of passenger or freight rail transport with air or road transport.

**Comparison with the installed base**

Comparison with the installed base refers to the difference between the Siemens products, systems, solutions, or services and an average of several installations employed for the same or a similar purpose. Comparison with an installed base presupposes the availability of global or regional average data on several installed products, systems, solutions, or services employed for the same or a similar purpose. An example is the comparison between motors with frequency converters and motors without frequency converters.

When calculating emission reductions compared to the baseline, we consider either direct savings (due to the use of efficient motors, for example) or the indirect effects that occur when different products in a system interact and generate emission reductions (such as building automation components, for example). If Siemens only delivers core components but not the entire system, the annual reduction of carbon dioxide emissions by the customer is calculated for these parts.

The baselines are reviewed annually and modified when necessary, such as when statistical data on the installed base must be updated due to technical innovations or regulatory changes.

The calculation of the reduction of carbon dioxide emissions is based on a specific comparison for every relevant Environmental Portfolio element with a baseline. For this calculation, we focus on those elements that have a material impact on the overall reduction of carbon dioxide emissions.

**Emission factors considered for calculating the annual reduction of carbon dioxide emissions**

For some emission reduction calculations, the baseline reference for the installed base is determined using known global emission factors such as those for power production. The baselines used for our calculations are mainly based on data from the International Energy Agency (IEA) for gross power production and grid losses, data from the Intergovernmental Panel on Climate Change (IPCC) for fuel-based emission factors, and our own assessments of power production efficiency.

The most relevant emission factors applied in 2021 are:

| Category   | Emission factor (g CO <sub>2</sub> /kWh) | Baseline for Environmental Portfolio elements |
|--|--|---|
| Global power generation from all primary energy carriers | 519                                      | Energy conversion                             |
| Global power generation from fossil energy carriers      | 809                                      | Renewable energy                              |
| Use of electricity (including transmission losses)       | 558                                      | All kinds of electricity use except trains    |

Source: IEA (IEA World Energy Outlook 2020 with 2020 factors for the current year and 2019 factors for the previous year), own calculations.

For consistency reasons, we generally apply global emission factors for calculating emission reductions unless the specific conditions of a solution require the application of local emission factors. For example, we apply the emission factor 558 g/kWh for the use of electricity, based on the global energy generation from all primary energy carriers, as the baseline for calculating the annual reduction of carbon dioxide emissions attributable to frequency converters.

Generally, our approach includes all greenhouse gases covered by the Kyoto Protocol. We consider carbon dioxide as the only relevant greenhouse gas with respect to power generation and electrical applications; however, we include other greenhouse gases in our calculations if they occur in technical applications.

For some Environmental Portfolio elements, we do not know the exact parameters of use by our customers. In these cases, therefore, we apply internal and external expert estimates, with due regard to the principle of conservatism.

### Estimates applied for reporting purposes

To date, there are no generally valid international standards applicable to all companies for the qualification of products, systems, solutions, and services for environmental and climate protection or for the registration and calculation of the revenues and the quantity of carbon dioxide emission reductions attributable to such products, systems, solutions, and services.

Therefore, the inclusion of elements in the Environmental Portfolio is based on criteria, methodologies, and assumptions that other companies and stakeholders may view differently. Factors that could give rise to such differences include the choice of baseline methodology to be applied, the

application of global emission factors that could differ from local conditions, use patterns at customers that may be different from standard use patterns applied for calculating the reduction of carbon dioxide emissions, the assessment of the service life of the Environmental Portfolio elements, internal assessments of our own production efficiency factors, the share of a core component, and expert estimates if no other data is available.

As a result, the revenue from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions may not be comparable with the data published by other companies under the same or similar designations. We report the annual reduction of carbon dioxide emissions in the period when the Environmental Portfolio element was installed. The installation period is defined by milestones or determined on the basis of estimated construction phases. This may differ from the timing of revenue recognition.

In addition, the revenue generated from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions are subject to internal documentation and review requirements which are less complex than those applied to our financial information. We may change our policies for the recognition of revenue from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions in the future without prior notice.

## 7.3

## Task Force on Climate-Related Financial Disclosures (TCFD)

The Task Force on Climate-Related Financial Disclosures of the G20 Financial Stability Board released a voluntary framework for companies to report their own climate-related risks and opportunities and disclose the corresponding information to investors, lenders, insurers, and other stakeholders. This Annex provides an overview of the activities conducted by Siemens on the basis of these recommendations and refers to sources with additional information.

### Our climate action governance

#### Governance on the Managing Board level

All strategic sustainability activities are overseen by our Chief Sustainability Officer (CSO). The CSO is a member of the Siemens Managing Board and chairs the Siemens Sustainability Board (SSB), which consists of representatives of the businesses, countries, and units with governance responsibilities (technical and professional functions). The SSB is the central steering committee for the strategic development of sustainability at Siemens, and makes decisions regarding key sustainability matters. Where necessary, the Managing Board addresses sustainability-related risks and opportunities of strategic and company-wide importance, and adopts appropriate measures. At quarterly meetings, the SSB discusses and defines strategic sustainability topics, such as the decision to become carbon-neutral by 2030. The SSB is therefore also responsible for our strategic measures in the areas of sustainability and climate protection along the entire value chain. For example, it was the Managing Board that adopted the DEGREE sustainability framework in fiscal 2021. The DEGREE framework outlines the material topics for Siemens within which we have set ambitious goals, including the decarbonization of Siemens' own operations (Scope 1 and 2) and the company's upstream supply chain (Scope 3). Climate change

was again regularly addressed during this reporting year at the meetings of the SSB. Results include the successful adoption of a 1.5°C-aligned climate target, which has been validated by the Science Based Targets Initiative (SBTi), as well as the operationalization of the DEGREE framework and the materiality analysis as the basis for the further development of the company's sustainability efforts. The reduction of greenhouse gas emissions has been incorporated into the compensation system of the Managing Board and the senior management in the form of an internal Siemens ESG/Sustainability Index. Therefore, it represents the central steering element that is monitored on a regular basis.

In addition to strategic sustainability activities, the Managing Board is also responsible for operational environmental protection. The responsibility for the implementation of environmental guidelines is defined in the EHS Principles, an internal Managing Board guideline. The EHS Global Board, which consists of specialized experts, develops environmental protection measures and programs and advises the responsible Managing Board member in charge of environmental protection, in consultation with the SSB.

Additional information: [↗ SUSTAINABILITY REPORT, CHAPTER ON SUSTAINABILITY MANAGEMENT](#), [↗ CDP C1](#), [↗ DEGREE](#)

#### Governance on the Business and Management level

The Sustainability Director of Siemens heads the Sustainability Department and supports the CSO in performing his or her duties. The Sustainability Director reports to the CSO and is a member of the SSB. The Sustainability Department is responsible for defining the sustainability strategy of Siemens and coordinating the climate neutrality program, among

other tasks. The CEOs of businesses and countries are responsible for implementing sustainability within the Group. This responsibility includes taking sustainability aspects strategically into account all along the value chain within their organizations' business activities, including climate change as well as the defined ambitions of the DEGREE framework. In all their decisions, strategies, processes, and systems, they must also take account of business opportunities and business risks that relate to sustainability. They also set the targets for strategic sustainability activities in their sphere of responsibility. In their implementation work, the CEOs of the various businesses and countries are supported by Sustainability Managers whom they appoint. These Sustainability Managers maintain close contact with their colleagues and the Sustainability Department and build up a network of sustainability experts. This sustainability network also includes specialist functions such as Environment, Health, and Safety (EHS). Among other things, the EHS Department is responsible for the Eco Efficiency @ Siemens program introduced in 2021, which strives to promote circular economy by means of responsible product design, environmental protection, and resource conservation. The EHS Department also supports the business units in their efforts to reduce greenhouse gas emissions in the company's own operations. The Supply Chain Management Department supports our business units in their efforts to promote decarbonization in the supply chain.

Additional information: [↗ SUSTAINABILITY REPORT, CHAPTER ON ENVIRONMENT AND](#) [↗ SUSTAINABILITY MANAGEMENT,](#) [↗ CDP C1,](#) [↗ PRODUCT ECO EXCELLENCE PROGRAM,](#) [↗ DEGREE](#)

### Our strategic response to climate-related opportunities and risks

#### Climate-related opportunities and risks

We have officially defined sustainability as an additional strategic imperative for our investment decisions: from company acquisitions to customer projects. As a global technology company and innovation leader in the fields of electrification, automation, and digitalization, Siemens supports

sustainable industrialization. These fields are becoming increasingly important as the world transitions to a low-carbon economy, supporting our business strategy. We therefore see a favorable political and regulatory environment (including sustainability) as an opportunity. We see opportunities from potential improvement in the geopolitical policy environment, which could quickly restore a more positive industrial investment sentiment that supports the growth of our markets. By enabling our customers to lower their GHG (Greenhouse Gas) emissions across our portfolio and by reducing CO<sub>2</sub> emission in our own operation, Siemens strives to support the trend toward a low-carbon economy. Siemens also welcomes and supports, from an opportunity perspective, recent legislative and governmental accelerations to mitigate climate change worldwide, especially in Europe through e.g. the Green Deal or Sustainable Finance Initiative. [↗ COMBINED MANAGEMENT](#)

#### REPORT CHAPTER 8.4 OPPORTUNITIES

Potential transition (e.g., regulation, market, technology) and physical climate risks are assessed as part of the risk process. We have identified an increasing sustainability focus as a risk. The increasing environmental, social, and governance requirements from governments and customers as well as financing restrictions for greenhouse gas-emitting technologies could result in additional costs. A negative public perception could lead to reputational damage and have an impact on achieving our business goals. In the fiscal 2021, we introduced a binding ESG risk set of rules and associated with this, an optimized due diligence process. This supports the Siemens businesses with due diligence in the customer-oriented environment with a view to possible environmental and social risks as well as related human rights and reputational risks. [↗ COMBINED](#)

#### MANAGEMENT REPORT CHAPTER 8.3 RISKS

Climate change and climate protection measures are important issues for our stakeholders. We therefore help our customers lower their greenhouse gas emissions by offering them low-carbon and energy-efficient products, solutions, and services. Products

from our Environmental Portfolio (EP) especially help our customers reduce their CO<sub>2</sub> footprint, lower energy costs, and enhance their profitability by way of higher productivity. In fiscal 2021, we reduced our customers' CO<sub>2</sub> emissions by 88 million tons through all Environmental Portfolio elements installed and operated at customer sites. Specifically, we helped our customers reduce their CO<sub>2</sub> emissions by a further 8 million tons in fiscal 2021. Starting in 2022, the new EU taxonomy will introduce a classification system for sustainable business activities which could supplement or replace the current Environmental Portfolio reporting of Siemens AG. In addition, we invested €4.9 billion in research and development (R&D) activities with the aim of developing innovative and sustainable solutions for our customers and our own businesses. For example, our SI business unit was established with a clear focus on decentralization, decarbonization, and energy efficiency in buildings and cities. The SI strategy addresses the current challenges and harnesses new technologies associated with grid edge and electrification by offering products and solutions for distributed energy systems, photovoltaic inverters, energy storage, smart, sustainable buildings, and electromobility including charging infrastructure, all enabled by digitalization. We have set ourselves the goal of making our own operations carbon-neutral by the year 2030. In the past fiscal year, for example, we already cut the emissions of our own operations by more than half compared to 2014. Compared to the fiscal 2020, we reduced our Scope 1 and Scope 2 emissions by a further 83 kt CO<sub>2</sub> or 12% in 2021. Our ambitious decarbonization measures and targets, both for our own operations and for the upstream supply chain, also prevent potential transition climate risks and increase our resilience and energy independence in our own factories. Under the Carbon Reduction@Suppliers approach, we apply a model to calculate the upstream greenhouse gases of our suppliers and are working intensively on methods to calculate the exact CO<sub>2</sub> footprints of our suppliers and reduce emissions on the basis of individual target

agreement. We use the web-based tool Carbon Web Assessment (CWA) for this purpose. [↗ CLIMATE PROTECTION AND](#) [↗ SUPPLY CHAIN](#) and [↗ COMBINED MANAGEMENT REPORT](#), [↗ SUSTAINABILITY STRATEGY](#)

#### Management of climate-related risks

At the end of fiscal 2020, we published an internal Sustainability Guideline establishing a new ESG Risk Framework. As an essential element of the new DEGREE framework, specifically in the field of Governance, we rolled out the Risk Due Diligence Tool (ESG Radar), which operates on the basis of material risk fields.

Climate-related risks and opportunities are embedded in the Siemens-wide ERM approach. All identified climate risks are assessed and measures for risk prevention, transfer, or mitigation are devised for all relevant risks. In this analysis, we apply climate parameters derived from the latest insights from global studies, weather statistics, and trends, which are based on international experience and the data of primary insurers and reinsurers. However, these risks would have only led to immaterial changes in the operations, revenue, or other expenses thus far. In addition, we conduct local risk assessments and continually adjust our protection concepts to mitigate identified risks. For every new construction project, for example, our Insurance Department conducts a risk analysis with particular attention to natural hazards, which influences the selection process for new sites and for technical, organizational, and physical protection measures. The collected data and information enable us to identify geographic regions in which we must pay particular attention to risks arising from changes in physical climate parameters that could affect our locations. For example, we will make structural adjustments to one of our German sites in Regensburg as a precautionary measure to protect against heavy rainfall events. Among other measures, we will install additional emergency overflow channels on the roof of the production hall to reduce any damage caused by greater water loads.

In 2020, we again improved our process for assessing physical risks also in order to meet the rising demands of a changing insurance market with lower coverage capacities due to higher costs for natural disasters. Together with our insurer and other external risk data providers, we annually assess more than 80% of our insurance values with regard to fire protection, as well as natural disasters such as storms, floods, and hurricanes. This analysis is based on standardized RMS data (RMS = Risk Management Solution). We identify the few risk-prone locations on the basis of this analysis. In Europe, we particularly analyzed flooding risks. By contrast, our sites in the United States, the Philippines, and Japan are exposed to the risk of storms and hurricanes. A more specific risk analysis was conducted for these identified locations. We share the results with the insurance market in the interest of insurability and optimized, risk-adjusted premiums. In addition, and in accordance with our EHS management system, we have defined measures for the identified locations such as the installation of flood barriers and the reinforcement of roofs.

Climate change also affects the global water balance. Based on the Siemens water strategy and our globally obligatory EHS Guidelines, every ecologically relevant location must additionally conduct a water risk assessment. This includes an assessment of climate-related water risks such as water scarcity, the risk of floods and droughts, and general water availability. For this assessment, we use data from the Aqueduct Water Risk Atlas from the World Resources Institute (WRI). With the aid of additional internal analytical systems, Siemens assesses the risks that result on the local level from our sites' activities and sets them in relation to regional water risks. Locations found to have a high risk in this assessment must set targets to reduce it. In fiscal 2021, 84% of our locations had implemented this water strategy.

Natural disasters can also cause interruptions in our supply chain. However, climate-related supply chain risks are currently low thanks to our extensive supply base with only few single-source suppliers. Nonetheless, we analyze potential supply chain

disruptions. We have been able to ensure the resilience of our supply chain in times of major crises with the aid of proven risk indicators.

Additional information: [↗ SUSTAINABILITY REPORT, CHAPTER ON CLIMATE PROTECTION](#), [↗ SUSTAINABILITY IN THE SUPPLY CHAIN](#); [↗ COMBINED MANAGEMENT REPORT CHAPTER 8.3 AND 8.4](#), [↗ CDP C2 AND C3](#)

#### **Analysis of climate-related scenarios**

Different climate scenarios are used at Siemens for different purposes, such as the business strategy, the decarbonization strategy, and the identification of opportunities and risks. Our decarbonization target, which is approved by the Science Based Targets Initiative, is aligned with the 1.5°C target and therefore the Paris Agreement. Decarbonization will change the entire energy value chain in the coming decades. By providing innovative technologies, we see ourselves as a leading decarbonization partner to our customers and society in general. To fulfill this role, we must have an exact understanding of the technological changes that must be made in the next 30 years and beyond. We mainly rely on the scenarios of IHS Markit, IEA, and Bloomberg NEF for planning our business strategy and identifying company-wide risks and opportunities. These scenarios help us identify trends in the energy and mobility markets. For business planning purposes, we apply different scenarios such as IHS Inflections and Green Rules, IEA STEPS, SDS, NZ2050, and BloombergNEF New Energy Outlook. These scenarios help us predict market developments, assess the implications of different scenarios, and make business decisions on this basis. With a view to our own business, the analysis of climate-related scenarios enables us to predict the potential consequences in terms of regulatory requirements, R&D, and customer trends and requirements. To test the resilience of our Carbon Neutral Program, we have applied a specially developed, extensive multimodal simulation tool and compared the results with external research such as that of IRENA, Fraunhofer, IHS, Agora Energiewende, and IEA. Our business units also conduct business-specific scenario analysis. Experts of Siemens SI have

developed a so-called high-price scenario by using IHS Autonomy, the Sustainable Development Scenario of the IEA, and the Energy Revolution Scenario of Greenpeace, in order to identify potential risks for our CO<sub>2</sub> reduction plan. We regularly review the robustness of our program to reduce our CO<sub>2</sub> emissions with reference to external energy price scenarios and the real development of energy prices and adjust our measures as needed.

Additional information: [↗ CDP C3.2](#)

### Our risk management approach to climate-related opportunities and risks

#### Basic principles of risk management

Our risk management policy stems from a philosophy of pursuing sustainable growth and creating economic value while managing appropriate risks and opportunities and avoiding inappropriate risks. As risk management is an integral part of how we plan and execute our business strategies, our risk management policy is set by the Managing Board. Our organizational and accountability structure requires each of the respective managements of our organizational units to implement risk management programs that are tailored to their specific industries and responsibilities, while being consistent with the overall policy.

#### Enterprise Risk Management (ERM) process

We have implemented and coordinated a set of risk management and control systems which support us in the early recognition of developments that could jeopardize the continuity of our business. The most important of these systems include our enterprise-wide processes for strategic planning and management reporting. Strategic planning is intended to support us in considering potential risks and opportunities well in advance of major business decisions, while management reporting is intended to enable us to monitor such risks more closely as our business progresses. Our internal auditors regularly review the adequacy and effectiveness of our risk management. Accordingly, if deficits are detected, it is possible to adopt appropriate measures for their elimination. This coordination of processes and

procedures is intended to help ensure that the Managing Board and the Supervisory Board are fully informed about significant risks in a timely manner.

Risk management at Siemens builds on a comprehensive, interactive and management-oriented Enterprise Risk Management (ERM) approach that is integrated into the organization and that addresses both risks and opportunities. Our ERM approach is based on the globally accepted COSO Standard (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management – Integrating with Strategy and Performance (2017) and the ISO (International Organization for Standardization) Standard 31000 (2018) and is adapted to Siemens requirements. The frameworks connect the ERM process with our financial reporting process and our internal control system. They consider a company's strategy, the efficiency and effectiveness of its business operations, the reliability of its financial reporting and compliance with relevant laws and regulations to be equally important.

Our ERM process aims for early identification and evaluation of, and response regarding, risks and opportunities that could materially affect the achievement of our strategic, operational, financial and compliance objectives. The time horizon is typically three years, and we take a net risk approach, addressing risks and opportunities remaining after the execution of existing and effective measures and controls. If risks have already been considered in plans, budgets, forecasts or the consolidated financial statements (e.g. as a provision or risk contingency), they are supposed to be incorporated with their financial impact in the entity's business objectives. As a consequence, only additional risks arising from the same subject (e.g. deviations from business objectives, different impact perspectives) should be considered. In order to provide a comprehensive view of our business activities, risks and opportunities are identified in a structured way combining elements of both top-down and bottom-up approaches. Reporting generally follows a quarterly cycle; we complement this periodic

reporting with an ad-hoc reporting process that aims to escalate critical issues in a timely manner. Relevant risks and opportunities are evaluated in terms of impact and likelihood, considering different impact perspectives, including business objectives, reputation and regulatory requirements. The bottom-up identification and prioritization process is supplemented by workshops with the respective managements of our organizational units. The top-down element ensures that potential new risks and opportunities are discussed at different management levels and are included in the subsequent reporting process, if found to be relevant. The topics of sustainability and especially climate change have been specifically addressed in the last few years. Reported risks and opportunities are analyzed regarding potential cumulative effects and are aggregated within and for each of the organizational units mentioned above.

Responsibilities are assigned for all relevant risks and opportunities, with the hierarchical level of responsibility depending on the significance of the respective risk or opportunity. In a first step, assuming responsibility for a specific risk or opportunity involves choosing one of our general response strategies. Our general response strategies with respect to risks are avoidance, transfer, reduction or acceptance of the relevant risk. Our general response strategy with respect to opportunities is to “seize” the relevant opportunity. In a second step, responsibility for a risk or opportunity also involves the development, initiation and monitoring of appropriate response measures corresponding to the chosen response strategy. These response measures have to be specifically tailored to allow for effective risk management. Accordingly, we have developed a variety of response measures with different characteristics. For example, we mitigate the risk of fluctuations in currency and interest rates by engaging in hedging activities. Regarding our projects, systematic and comprehensive project management with standardized project milestones, including provisional acceptances during project execution and complemented by clearly defined approval processes, assists us in identifying and

responding to project risks at an early stage, even before the bidding phase. Furthermore, we maintain appropriate insurance levels for potential cases of damage and liability risks in order to reduce our exposure to such risks and to avoid or minimize potential losses. Among others, we address the risk of fluctuation in economic activity and customer demand by closely monitoring macroeconomic conditions and developments in relevant industries, and by adjusting capacity and implementing cost-reduction measures in a timely and consistent manner if they are deemed necessary. Worldwide there are risks from the transmission of infectious agents from animals to humans, from humans to humans and in other ways. Epidemic, pandemic or other infectious developments such as bioterrorism to cause high disease rates in countries, regions or continents. We constantly check information from the World Health Organization (WHO), the Centers for Disease Control and Prevention in the U.S. and Europe, the Robert Koch Institute in Germany and other institutions in order to be able to identify early epidemic or pandemic risks and determine and initiate related mitigation actions as early as possible.

Additional information: [↗ COMBINED MANAGEMENT REPORT CHAPTER 8](#)

#### **Climate-related risks within the risk management system**

Climate-related risks and opportunities are embedded in the Siemens-wide ERM approach, which addresses both risks and opportunities. The consideration of sustainability and especially climate risks and opportunities is an integral part of the regular top-down process in which material issues and trends are assigned to the corresponding units for the identification of risks and opportunities in risk workshops. As a result, these issue-related recommendations are made available to all businesses in their quarterly reviews. Combined with the bottom-up approach, this top-down approach provides a comprehensive overview of our business activities and the associated risks and opportunities.



Climate change is not treated as a separate category within the ERM approach, but is considered within the four topic areas of strategic, operational, financial, and compliance-related risks. Bottom-up risk processes have been implemented throughout the company to evaluate potential climate-related net risks for ERM reporting. These processes are, for example, applied within the environmental management system, including the corresponding risk assessment of environmental impacts on our production operations or products. [↗ ENVIRONMENT](#)

Material opportunities and risks are disclosed on an aggregated basis within the abovementioned four topic areas in the company's Annual Report.

Additional information: [↗ COMBINED MANAGEMENT REPORT CHAPTER 8](#), [↗ CDP C2.1 AND C2.2](#), [↗ SUSTAINABILITY REPORT, CHAPTER ON ENVIRONMENT](#)

### Metrics and targets

Siemens considers climate-related risks along the entire value chain. Accordingly, we define metrics for the reduction of greenhouse gas emissions in the supply chain, in the company's own operations, and for the goods and services we provide to our customers. We disclose our greenhouse gas emissions and the associated risks and opportunities.

[↗ ENVIRONMENT AND ↗ CDP C4](#)

Siemens was the first global industrial company to commit to the goal of climate neutrality in 2015. By joining the Science Based Targets Initiative (SBTi) and committing to decarbonization targets under the DEGREE framework, we have reinforced our existing decarbonization activities along the entire value chain. Within our own operations, we want to achieve net zero emissions (in accordance with our validated 1.5°C-aligned SBT) by 2030. In connection with our SBTi commitment, we have also committed to reducing absolute Scope 3 emissions by 15 % by 2030 from the base year 2019. An additional target established in the DEGREE framework is to reduce upstream supply chain emissions by 20 % by 2030 (base year 2020) and then reduce them to net zero by the year 2050. A number of ongoing activities will

contribute to this CO<sub>2</sub> reduction, including the reduction of building emissions, the electrification of the company's vehicle fleet, and our Carbon Reduction@Suppliers activities. In order to remain carbon-neutral in our own operations after 2030, we will consider offset options, among other things, to neutralize unavoidable emissions. An Offsetting Guidance Note has laid the basis for purchasing CO<sub>2</sub> certificates. This guidance is meant to ensure the consistency and quality of offset programs.

We have further strengthened our climate strategy by confirming our 1.5°C Science Based Target and joining the RE100, EV100, and EP100. Key elements of the management approach include the incorporation of CO<sub>2</sub> reduction targets in the company's operating activities into the long-term incentive (LTI) of the senior management and the responsibility of the businesses for reducing their respective emissions. Thus, our commitment to climate protection is firmly embedded in the compensation of Managing Board members and senior management.

Additional information: [↗ GOVERNANCE](#), [↗ ENVIRONMENT](#), [↗ CDP C4, C6, C7 AND C9](#), [↗ COMBINED MANAGEMENT REPORT CHAPTER 10 COMPENSATION REPORT](#)

7.4

# GRI Standards – key topics and boundaries

|                           | Sustainability topics  | SDGs                 | DEGREE                                 | GRI Standard   |
|---------------------------|--|----------------------|--|--|
| Dimension<br>Shared value | Climate protection <sup>1</sup>  | 7 9 11 12 13         | DECARBONIZATION                        | GRI Standard 302<br>Energy<br>GRI Standard 305<br>Emissions  |
|                           | Sustainable product design and life cycle management <sup>1</sup>              | 6 7 9 11 12 13 14 15 | RESOURCE EFFICIENCY                    | GRI Standard 204<br>Procurement Practices<br>GRI Standard 301<br>Materials   |
|                           | Innovation and business model <sup>2</sup>                                     | 6 7 9 11 12 13 14 15 | DECARBONIZATION<br>RESOURCE EFFICIENCY | GRI Standard 201<br>Economic Performance   |
|                           | Partner management and collaboration <sup>2</sup>                              | 7 8 9 11 12 13 16 17 | DECARBONIZATION<br>GOVERNANCE          | GRI Standard 203<br>Indirect Economic Impacts  |
|                           | Responsible governance <sup>2</sup>  | 8 12 16 17           | GOVERNANCE                             | GRI Standard 201<br>Economic Performance<br>GRI Standard 202<br>Market Presence  |
|                           | Future of work <sup>2</sup>  | 3 4 5 8 10 11        | EQUITY<br>EMPLOYABILITY                | GRI Standard 401<br>Employment<br>GRI Standard 403<br>Occupational Health and Safety (2018)<br>GRI Standard 404<br>Training and Education<br>GRI Standard 405<br>Diversity and Equal Opportunity<br>GRI Standard 406<br>Non Discrimination |
|                           | Sustainable handling of natural resources and material efficiency <sup>2</sup> | 6 7 9 11 12 13 14 15 | RESOURCE EFFICIENCY                    | GRI Standard 301<br>Materials<br>GRI Standard 302<br>Energy<br>GRI Standard 303<br>Water and Effluents (2018)<br>GRI Standard 306<br>Waste (2020)  |

<sup>1</sup> Top 3 material sustainability topics  
<sup>2</sup> 12 additional material sustainability topics

Result of the assessment of organizational impacts (inside-out, i.e., on the environment and society), stakeholder relevance and business criticality (outside-in)

|                             | Sustainability topics  | SDGs            | DEGREE                 | GRI Standard   |
|-----------------------------|--|-----------------|------------------------|--|
| Dimension<br>Responsibility | Social and ecological standards in the supply chain <sup>1</sup> | 8 12 16 17      | G OVERNANCE            | GRI Standard 414<br>Supplier Social Assessment<br>GRI Standard 308<br>Supplier Environmental Assessment  |
|                             | Cyber-security and data management <sup>2</sup>                  | 5 8 10 16 17    | E THICS                | GRI Standard 201<br>Economic Performance   |
|                             | Employee health and safety <sup>2</sup>                          | 3 4 8 10        | E MPLOYABILITY         | GRI Standard 403<br>Occupational Health and Safety (2018)  |
|                             | Diversity, equity and inclusion <sup>2</sup>                     | 3 4 5 8 10 11   | E QUNITY               | GRI Standard 405<br>Diversity and Equal Opportunity<br>GRI Standard 406<br>Non-Discrimination  |
|                             | Customer safety and product quality <sup>2</sup>                 | 8 12 16 17      | G OVERNANCE            | GRI Standard 301<br>Materials  |
|                             | Corporate governance and sustainability leadership <sup>2</sup>  | 8 12 16 17      | G OVERNANCE            | GRI Standard 413<br>Local communities  |
|                             | ESG risk management <sup>2</sup>                                 | 5 8 10 12 16 17 | G OVERNANCE<br>E THICS | GRI Standard 201<br>Economic Performance   |
|                             | Compliance management <sup>2</sup>                               | 5 8 10 12 16 17 | G OVERNANCE<br>E THICS | GRI Standard 205<br>Anti-Corruption<br>GRI Standard 206<br>Anti-Competitive Behavior<br>GRI Standard 307<br>Environmental Compliance<br>GRI Standard 408<br>Child Labor<br>GRI Standard 409<br>Forced or Compulsory Labor<br>GRI Standard 412<br>Human Rights Assessment<br>GRI Standard 419<br>Socioeconomic Compliance |

<sup>1</sup> Top 3 material sustainability topics  
<sup>2</sup> 12 additional material sustainability topics

Result of the assessment of organizational impacts (inside-out, i.e., on the environment and society), stakeholder relevance and business criticality (outside-in)

## 7.5

# WEF IBC Metric

| Pillars                  | Theme                          | Core metrics  | Reference  | Omission |
|--------------------------|--------------------------------|---|--|----------|
| Principles of Governance | Governing purpose              | <p><b>Setting purpose</b></p> <p>The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental, and social issues. Corporate purpose should create value for all stakeholders, including shareholders.</p>   | <p>Sustainability Report 2021</p> <p>Siemens at a glance p.11ff</p>  |          |
|                          | Quality of governing body      | <p><b>Governance body composition</b></p> <p>Composition of the highest governance body and its committees by:</p> <p>competencies relating to economic, environmental, and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of underrepresented social groups; stakeholder representation.</p>   | <p>Annual Financial Report 2021</p> <p>Annual Financial Statements 6.</p> <p>Notes 31 Members of the Managing Board and Supervisory Board p. 127ff</p> <p><a href="https://new.siemens.com/global/en/company/about/management.html">https://new.siemens.com/global/en/company/about/management.html</a>, <a href="https://new.siemens.com/global/en/company/about/supervisoryboard/committees.html">https://new.siemens.com/global/en/company/about/supervisoryboard/committees.html</a></p> |          |
|                          | Stakeholder engagement         | <p><b>Material issues impacting stakeholders</b></p> <p>A list of the topics that are material to key stakeholders and the company, how the topics were identified, and how the stakeholders were engaged.</p>  | <p>Sustainability Report 2021</p> <p>Materiality assessment p. 37ff</p>  |          |
|                          | Ethical behaviour              | <p><b>Anti-corruption</b></p> <p>1. Total percentage of governance body members, employees, and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region.</p> <p>a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and</p> <p>b) Total number and nature of incidents of corruption confirmed during the current year, related to this year.</p> <p>2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.</p> | <p>Sustainability Report 2021</p> <p>Compliance p. 48ff</p> <p>Our sustainability indicators p. 118ff</p>  |          |
|                          |                                | <p><b>Protected ethics advice and reporting mechanisms</b></p> <p>A description of internal and external mechanisms for:</p> <p>1. Seeking advice about ethical and lawful behaviour and organizational integrity;</p> <p>2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.</p>   | <p>Sustainability Report 2021</p> <p>Compliance p. 48ff</p> <p>Our sustainability indicators p. 118ff</p>  |          |
|                          | Risk and opportunity oversight | <p><b>Integrating risk and opportunity into business process</b></p> <p>Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time, and the response to those changes. These opportunities and risks should integrate material economic, environmental, and social issues, including climate change and data stewardship.</p>  | <p>Annual Financial Report 2021</p> <p>Combined Management Report 8.</p> <p>Report on expected developments and associated material opportunities and risks p. 26ff</p>  |          |

| Pillars | Theme                   | Core metrics  | Reference   | Omission   |
|---------|-------------------------|---|---|--|
| Planet  | Climate change          | <p><b>Greenhouse gas (GHG) emissions</b></p> <p>For all relevant greenhouse gases (e.g., carbon dioxide, methane, nitrous oxide, F-gases, etc.), report in metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) GHG Protocol Scope 1 and Scope 2 emissions.</p> <p>Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.</p>  | <p>Sustainability Report 2021</p> <p>Climate action p. 76ff</p> <p>Conserving resources p. 83ff</p> <p>Our sustainability indicators p. 118ff</p> |  |
|         |                         | <p><b>TCFD implementation</b></p> <p>Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation.</p> <p>Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above preindustrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net zero emissions before 2050.</p> | <p>Sustainability Report 2021</p> <p>Task Force on Climate-Related financial Disclosures (TCFD) p. 139ff</p>                                      |  |
|         | Nature loss             | <p><b>Land use and ecological sensitivity</b></p> <p>Report the number and area (in hectares) of sites owned, leased, or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).</p>   |   | <p>We are on the way to further develop our biodiversity KPI, so that we can report these parameters in the future</p> |
|         | Freshwater availability | <p><b>Water consumption and withdrawal in water-stressed areas</b></p> <p>Report for operations where material: megalitres of water withdrawn, megalitres of water consumed, and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool.</p> <p>Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.</p>  | <p>Sustainability Report 2021</p> <p>Conserving resources p. 83ff</p> <p>Our sustainability indicators p. 118ff</p>                               |  |

| Pillars | Theme                 | Core metrics  | Reference  | Omission   |
|---------|-----------------------|---|--|--|
| People  | Dignity and equality  | <p><b>Diversity &amp; inclusion (%)</b><br/>Percentage of employees per employee category, by age group, gender, and other indicators of diversity (e.g. ethnicity).</p>  | <p>Sustainability Report 2021 Diversity, Equity &amp; Inclusion p. 100ff<br/>Our sustainability indicators p. 118ff</p> <p>Sustainability Report 2021 Working at Siemens p. 94ff<br/>Our sustainability indicators p. 118ff</p>  | <p>Siemens pursues the principle of performance-related compensation – regardless of gender. Remuneration data is regarded confidential and is therefore not reported.</p> <p>Siemens pursues the principle of performance-related compensation – regardless of gender. Remuneration data is regarded confidential and is not reported</p> |
|         |                       | <p><b>Pay equality (%)</b><br/>Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.</p>   |  |  |
|         |                       | <p><b>Wage level (%)</b><br/>Ratios of standard entry-level wage by gender compared to local minimum wage.<br/>Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.</p>   |  |  |
|         |                       | <p><b>Risk for incidents of child, forced, or compulsory labour</b><br/>An explanation of the operations and suppliers considered to have significant risk for incidents of child labor, forced, or compulsory labor. Such risks could emerge in relation to:<br/>a) type of operation (such as manufacturing plant) and type of supplier; and<br/>b) countries or geographic areas with operations and suppliers considered at risk.</p>                                 | <p>Sustainability Report 2021 Human Rights p. 56ff<br/>Sustainable supply chain practice p. 62ff. Business Conduct Guidelines:<br/><a href="https://assets.new.siemens.com/siemens/assets/api/uuid:5c242542-e991-4b97-af63-090ad-509be74/2021-sag-bcg-en.pdf">HTTPS://ASSETS.NEW.SIEMENS.COM/SIEMENS/ASSETS/API/UUID:5C242542-E991-4B97-AF63-090AD-509BE74/2021-SAG-BCG-EN.PDF</a></p> |  |
|         | Health and well-being | <p><b>Health and safety (%)</b><br/>The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.<br/>An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.</p> | <p>Sustainability Report 2021 Occupational health and safety management p. 106ff<br/>Our sustainability indicators p. 118ff</p>  |  |
|         | Skills for the future | <p><b>Training provided (#, \$)</b><br/>Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).<br/>Average training and development expenditure per full-time employee (total cost of training provided to employees divided by the number of employees).</p>                  | <p>Sustainability Report 2021 Professional education and lifelong learning p. 103ff<br/>Our sustainability indicators p. 118ff</p>   |  |

| Pillars                                    | Theme                            | Core metrics  | Reference   | Omission |
|--|----------------------------------|---|---|----------|
| Prosperity                                 | Employment and wealth generation | <b>Absolute number and rate of employment</b><br>1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.<br>2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.  | Sustainability Report 2021<br>Professional education and lifelong learning p. 103ff<br>Our sustainability indicators p. 118ff   |          |
|  |                                  | <b>Economic contribution</b><br>1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: <ul style="list-style-type: none"> <li>– Revenues</li> <li>– Operating costs</li> <li>– Employee wages and benefits</li> <li>– Payments to providers of capital</li> <li>– Payments to government</li> <li>– Community investment</li> </ul> 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period. | Siemens Annual Financial Report 2021<br>Consolidated Financial Statements 41ff  |          |
|  |                                  | <b>Financial investment contribution</b><br>1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.<br>2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.  | Annual Financial Report 2021<br>Consolidated Financial Statements 6.<br>Note 19 Equity p. 67<br>Annual Financial Statements 3.<br>Note 15 Shareholder's Equity p. 120ff   |          |
| Innovation of better products and services | Community and social vitality    | <b>Total R&amp;D expenses</b><br>Total costs related to research and development  | Sustainability Report 2021<br>Research & Development p. 32ff  |          |
|  |                                  | <b>Total tax paid</b><br>The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.  | Annual Financial Report 2021<br>Consolidated Financial Statements 6.<br>Note 2 Material accounting policies and critical accounting estimates p.46ff<br>Note 7 Income Taxes p. 53ff<br>Annual Financial Statements 3.<br>Note 13 Deferred tax assets p. 119 |          |

## 7.6

# SASB – Electrical Electronic Equipment Index

| Topic                      | Codified Metric Code | Disclosure  | Reference   | Omission  |
|----------------------------|----------------------|---|---|---|
| Energy Management          | RT-EE-130a.1         | (1) Total energy consumed   | Sustainability Report 2021: Environment – Conserving resources, p.83ff, (Energy used reduced), Our key areas of impact, p. 26-27, Our sustainability indicators, p. 114ff       |   |
|                            | RT-EE-130a.1         | (2) Percentage grid electricity   |   |   |
|                            | RT-EE-130a.1         | (3) Percentage renewable  |   |   |
| Hazardous Waste Management | RT-EE-150a.1         | Amount of hazardous waste generated, percentage recycled  | Sustainability Report 2021: Environment – Conserving resources, p.83ff, (Efficient Waste management), Our key areas of impact, p.26-27, Our sustainability indicators, p. 114ff |   |
|                            | RT-EE-150a.2         | Number and aggregate quantity of reportable spills, quantity recovered                          | Sustainability Report 2021: Environment – Conserving resources, p.83ff, (Incident relevant to the environment), Our sustainability indicators, p. 114ff                         | In Fiscal year 2021 we reported 14 minor cases. In 6 cases spills of dye, diesel, hydraulic oil and resins were involved. There were also losses of coolant in five cases. One minor fine from penalties in the year under review were reported.  |
| Product Safety             | RT-EE-250a.1         | Number of recalls issued, total units recalled  | not applicable  | Siemens has established a comprehensive, company-wide product safety system to ensure our products comply with applicable legal safety requirements and meet the latest technical safety standards so that they do not pose a threat to the life or health of users or other third parties. Under this system, all company units are required to ensure that their products comply with the state of the art in safety matters. Also, the units are obliged to carry out systematic product monitoring and take the necessary corrective actions to remedy potential product safety deficiencies. |
|                            | RT-EE-250a.2         | Total amount of monetary losses as a result of legal proceedings associated with product safety | Annual Financial Report 2021 Consolidated Financial Statements 6. Notes 22 Legal Proceedings, p. 69   |   |



| Topic                        | Codified Metric Code | Disclosure   | Reference   | Omission |
|------------------------------|----------------------|--|---|----------|
| Product Lifecycle Management | RT-EE-410a.1         | Percentage of products by revenue that contain IEC 62474 declarable substances   | Sustainability Report 2021: Environment – Product stewardship p. 88ff, Our sustainability indicators, p. 114ff  |          |
|                              | RT-EE-410a.2         | Percentage of eligible products by revenue that meet ENERGY STAR® criteria   | not applicable  |          |
|                              | RT-EE-410a.3         | Revenue from renewable energy-related and energy efficiency-related products   | Sustainability Report 2021: Environment – Climate action, p. 76ff (Environmental Portfolio for climate-conscious product use), Our sustainability indicators, p. 114ff  |          |
| Materials Sourcing           | RT-EE-440a.1         | Description of the management of risks associated with the use of critical materials   | Sustainability Report 2021: Environment – Product stewardship, p. 88ff. (Risk-conscious handling of declarable substances), Sustainable supply chain practices, p. 62ff (Responsibility for the worldwide supplier network) |          |
| Business Ethics              | RT-EE-510a.1         | Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior        | Sustainability Report 2021: Compliance, p. 48ff   |          |
|                              | RT-EE-510a.2         | Total amount of monetary losses as a result of legal proceedings associated with incidents relating to bribery or corruption | Annual Financial Report 2021: Consolidated Financial Statements 6. Notes 22 Legal Proceedings, p. 69<br>Sustainability Report 2021: Compliance, p. 39ff   |          |
|                              | RT-EE-510a.3         | Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations       | Annual Financial Report 2021: Consolidated Financial Statements 6. Notes 22 Legal Proceedings, p. 69<br>Sustainability Report 2021: Compliance, p. 39ff   |          |
| Activity metric              | RT-EE-000.A          | Number of units produced by product category   | not applicable  |          |
|                              | RT-EE-000.B          | Number of employees  | Sustainability Report 2021 Working at Siemens 94ff  |          |

## 7.7

# The United Nations Global Compact

Siemens has been a member of the UN Global Compact since 2003, and is expressly committed to upholding the Compact's Ten Principles. Our Sustainability Report 2021, our progress reports

online on the UN Global Compact website, and the index below describe the progress we made during fiscal 2021.

## Index of the Ten Principles of the Global Compact

| Principle  | Systems  | Measures Taken   | Achievements   |
|--|--|--|--|
| <b>Principle 1</b><br>Support for human rights                 | Our pledge to safeguard human rights is rooted in the Siemens Business Conduct Guidelines (BCGs), which are binding on all our people worldwide.   | The following are among the fundamental rights enshrined in our Business Conduct Guidelines:   | In the year under review, the number of sustainability self-assessments came to 4,267. We conducted 319 supplier quality audits that included sustainability questions and 394 external sustainability audits. In external sustainability audits, we identified a total of 6,617 areas for improvement.  |
| <b>Principle 2</b><br>No complicity in human rights abuses     | They set out the fundamental principles and rules that govern our actions within our company and in relation to our customers, external partners, and the public. The Siemens Business Conduct Guidelines provide the ethical and legal framework within which we conduct our business activities. | <ul style="list-style-type: none"> <li>→ No discrimination; respect for the principles of equal opportunity and equal treatment</li> <li>→ Free choice of employment (no forced labor)</li> <li>→ No child labor</li> <li>→ Fair and reasonable wages</li> <li>→ Freedom of collective bargaining and association</li> <li>→ Compliance with safety rules</li> </ul> | Human rights are a matter that calls for constant alertness. In fiscal 2018, Siemens joined the European Business and Human Rights Peer Learning Group of the Global Compact Network. This organization is likewise intended as a peer learning group on business and human rights for European companies from different sectors and of different sizes. |
| <b>Principle 3</b><br>Upholding freedom of association         | They contain our basic principles and rules for our conduct internally and externally, for example on core labor standards for human rights.   | Our CoC includes the following aspects of human rights:  | Governance is a focus area under our new DEGREE framework. Based on material risk areas, we successfully rolled out our new digital due diligence tool for risk, the ESG Radar.  |
| <b>Principle 4</b><br>Elimination of all forms of forced labor | Our Siemens Group Code of Conduct (CoC) for Suppliers and Third Party Intermediaries ensures that these basic rights and principles are also observed in our supply chain.   | <ul style="list-style-type: none"> <li>→ Fair working conditions (pay, work hours, vacation),</li> <li>→ Right to freedom of association,</li> <li>→ Responsibility for health and safety standards,</li> <li>→ No discrimination,</li> <li>→ No forced labor or child labor, and</li> <li>→ Availability of anonymous complaint mechanisms.</li> </ul>              | <p>↗ <b>OUR KEY AREAS OF IMPACT</b></p> <p>↗ <b>SUSTAINABLE SUPPLY CHAIN PRACTICES</b></p> <p>↗ <b>HUMAN RIGHTS</b></p>  |
| <b>Principle 5</b><br>Abolition of child labor                 | We have conducted a company-wide internal human rights risk assessment as part of our Compliance Risk Assessment (CRA).  | <p>↗ <b>SUSTAINABLE SUPPLY CHAIN PRACTICES</b></p> <p>↗ <b>HUMAN RIGHTS</b></p>  |  |
|  | <p>↗ <b>SUSTAINABILITY MANAGEMENT</b></p> <p>↗ <b>SUSTAINABLE SUPPLY CHAIN PRACTICES</b></p> <p>↗ <b>HUMAN RIGHTS</b></p>  |  |  |

Index of the Ten Principles of the Global Compact

| Principle   | Systems   | Measures Taken  | Achievements  |
|---|---|---|---|
| <p><b>Principle 6</b><br/>Elimination of discrimination</p> | <p>We actively support diversity, equal opportunity, and inclusion by creating a working environment that is open and appreciative for everyone. Our commitment to protecting human rights is anchored in the BCGs. We will not tolerate discrimination. The BCGs state unequivocally, “We respect the personal dignity, privacy, and rights of each individual.” They also make it clear that Siemens is committed to work with everyone, irrespective of ethnic origin, culture, religion, age, disability, skin color, gender, sexual identity and orientation, or world view. We are a signatory of the “Charta der Vielfalt” diversity charter.</p> <p><a href="#">➤ DIVERSITY, EQUITY &amp; INCLUSION</a></p> | <p>Our worldwide diversity networks promote and discuss diversity topics across the company. Leading Women in Industry, Global Leadership of Women@Technology &amp; Innovation, and GROW-2GLOW are some examples of such networks. We use key figures (including the percentage of women, generations, nationalities) to regularly monitor how effectively we implement diversity initiatives, and we publish the results in our Diversity &amp; Inclusion Fact Sheet.</p> <p>Focus areas for diversity include:</p> <ul style="list-style-type: none"> <li>→ Consciously addressing unconscious bias,</li> <li>→ Promoting gender balance,</li> <li>→ Highlighting the value of globality,</li> <li>→ Encouraging diversity and inclusiveness.</li> </ul> <p><a href="#">➤ DIVERSITY, EQUITY &amp; INCLUSION</a></p> | <p>In fiscal 2021, 167 different nationalities were represented in the Siemens workforce. The Ability@Siemens initiative is intended to promote a culture of integration for the more than 5,000 persons with disabilities who currently work at Siemens in Germany.</p> <p>Siemens Professional Education (SPE) is a program that offers possibilities for disadvantaged young people. In 2021 Siemens also joined the Valuable 500 – an initiative launched at the World Economic Forum to ensure that concerns of persons with disabilities are included in corporate management agendas.</p> <p>“Fostering diversity, inclusion, and community development to create a sense of belonging” was prioritized in fiscal 2021 as part of the DEGREE focal area for “Equity.”</p> <p><a href="#">➤ OUR KEY AREAS OF IMPACT</a><br/><a href="#">➤ DIVERSITY, EQUITY &amp; INCLUSION</a></p> |
| <p><b>Empowering women</b></p>                              | <p>In fiscal 2016 we signed the CEO Statement on the UNGC Women’s Empowerment Principles. Through sponsorships and strategic partnerships, we are also involved in such programs and initiatives as the “Charta der Vielfalt” diversity charter.</p> <p><a href="#">➤ SUSTAINABILITY MANAGEMENT</a><br/><a href="#">➤ DIVERSITY, EQUITY &amp; INCLUSION</a></p>   | <p>We encourage applying the Women’s Empowerment Principles to guide actions that advance and empower women in the workplace, marketplace, and community, and we communicate our progress by using sex-disaggregated data and other indicators.</p> <p>Under the DEGREE framework, Siemens (excluding SHS) is pursuing the goal of having 30% women in top management by 2025.</p> <p><a href="#">➤ DIVERSITY, EQUITY &amp; INCLUSION</a></p>   | <p>In the year under review, women accounted for 26.7% of the total workforce at Siemens. The percentage of women in management positions has risen steadily in recent years, and now comes to more than 19.6%.</p> <p>In fiscal 2021, 30.2% of all new hires were women.</p> <p><a href="#">➤ OUR KEY AREAS OF IMPACT</a><br/><a href="#">➤ DIVERSITY, EQUITY &amp; INCLUSION</a></p>  |

## Index of the Ten Principles of the Global Compact

| Principle   | Systems  | Measures Taken  | Achievements  |
|---|--|---|---|
| <p><b>Principle 7</b></p> <p>Precautionary approach to environmental challenges</p> | <p>Siemens has a comprehensive EHS system in place to manage its environmental performance. All relevant production and office sites are required to implement an environmental management system that complies with the internationally recognized ISO 14001 standard as well as our own internal specifications on environmentally compatible product and system design.</p> <p>➤ <b>ENVIRONMENT</b></p> | <p>We bundle our binding climate protection goals and measures under the “D” heading (Decarbonization) in our DEGREE framework for sustainability at Siemens.</p> <ul style="list-style-type: none"> <li>→ Net zero operation by 2030, in compliance with SBTi targets</li> <li>→ Net zero supply chain by 2050, 20% emission reduction by 2030</li> </ul> <p>Our environmental programs are embedded in the DEGREE sustainability framework, and focus on reducing greenhouse gas emissions and making resource use more efficient all along the value chain. Our program for efficient resource use, Eco Efficiency @ Siemens, helps mitigate all our environmental impacts by encouraging a circular economy and a general dematerialization of business processes.</p> <p>The “R” for resource efficiency indicates that environmentally sound handling of limited resources is an integral part of Siemens’ DEGREE sustainability program.</p> <p>Robust, ecologically sound design of the next stage for all of Siemens’ relevant product families by 2030</p> <ul style="list-style-type: none"> <li>→ Decoupling from natural resources by procuring more secondary metal and plastic materials</li> <li>→ Circular economy by reducing landfill waste 50% by 2025 and toward zero landfill waste by 2030</li> </ul> <p>On top of that, the Efficient Own Operations component of the Eco Efficiency @ Siemens environmental program is also focusing on dematerialization and the circular economy in an operations context as well, to improve protection of resources. The emphasis here is on improving energy efficiency and reducing the environmental impact of our waste.</p> <p>➤ <b>SUSTAINABILITY MANAGEMENT</b></p> <p>➤ <b>ENVIRONMENT</b></p> | <p>We have reinforced our climate protection strategy further by confirming our science-based Targets, which aim for 1.5°C, and by joining the RE100, EV100, and EP100 initiatives. Anchoring our CO<sub>2</sub> reduction in business operations as part of the Long-term incentives (LTI) for Senior Management and making the business units responsible for reducing their own shares of emissions are now significant components of our management approach.</p> <p>In terms of our own business activity, we launched our global “CO<sub>2</sub>-Neutral” program in September 2015. By 2020 this program had already reduced our own operations’ carbon footprint 54% from the 2014 figure (as was reported for 2020, including Siemens Energy), and thus we achieved our intermediate goal last year.</p> <p>In 2021, we reduced our Scope 1 and Scope 2 emissions by another 83 kt CO<sub>2</sub>e, or 12%, from the year before. During the year under review, 78% of our electric power consumption was “green.”</p> <p>➤ <b>OUR KEY AREAS OF IMPACT</b></p> <p>➤ <b>SUSTAINABILITY MANAGEMENT</b></p> <p>➤ <b>ENVIRONMENT</b></p> |

## Index of the Ten Principles of the Global Compact

| Principle   | Systems   | Measures Taken   | Achievements  |
|---|---|--|---|
| <p><b>Principle 8</b></p> <p>Initiatives for greater environmental responsibility</p>               | <p>Raising our people's awareness of environmental and climate protection is intrinsic to both our environmental strategy and our social commitment, with the core components of access to technology, access to education, and sustaining communities. Our internal communication measures and our corporate citizenship focus help heighten a sense of responsibility for ecological issues. Protecting the environment and preserving natural resources are two goals that are of paramount importance for preserving communities.</p> <p>➤ <b>SUSTAINABILITY MANAGEMENT</b></p> <p>➤ <b>CORPORATE CITIZENSHIP</b></p> | <p>Siemens maintains a global environmental communications network to ensure that knowledge about environmental management, methods, solutions, and experiences is communicated across locations, businesses, and national borders.</p> <p>For years, we have been an actively involved member of One Young World, the World Bank's Carbon Pricing Leadership Coalition (CPLC), and the World Economic Forum (WEF).</p> <p>➤ <b>SUSTAINABILITY MANAGEMENT</b></p>  | <p>In the year under review, we reported € 40.6 million in community investment. In July 2021 we took part in the One Young World Summit in Munich, Germany. As part of Earth Day, Siemens UK provided teaching materials to 214 elementary schools to teach resource conservation in ways appropriate for children.</p> <p>➤ <b>OUR KEY AREAS OF IMPACT</b></p> <p>➤ <b>SUSTAINABILITY MANAGEMENT</b></p> <p>➤ <b>CORPORATE CITIZENSHIP</b></p>  |
| <p><b>Principle 9</b></p> <p>Development and diffusion of environmentally friendly technologies</p> | <p>As part of our Environmental Portfolio, we develop and market products, solutions, and services that enable our customers to reduce their CO<sub>2</sub> emissions, lower lifecycle costs, and protect the environment.</p> <p>We are preparing for the introduction of the EU taxonomy, which will provide a classification system for sustainable economic activities. This will supplement Siemens' previous Environmental Portfolio reporting.</p> <p>➤ <b>CLIMATE ACTION</b></p>  | <p>Our Environmental Portfolio is our biggest contribution to mitigating climate change. It comprises products, systems, solutions, and services (Environmental Portfolio components) that meet one of our criteria for selection – that they offer energy efficiency above a defined threshold, or employ renewable forms of energy.</p> <p>Our DEGREE framework has set the ambitious goal of achieving next-stage, robust, ecologically friendly design for 100% of the relevant Siemens product families by 2030.</p> <p>➤ <b>CLIMATE ACTION</b></p> | <p>With all the Environmental Portfolio components that we have installed for customers since fiscal 2002 (excluding Siemens Energy) and that are still in operation today, by the end of fiscal 2021 we had reduced our customers' CO<sub>2</sub> emissions by 88 million metric tons (continuing operations).</p> <p>During fiscal 2021, 31 % of our revenue in continuing operations came from our Environmental Portfolio.</p> <p>➤ <b>OUR KEY AREAS OF IMPACT</b></p> <p>➤ <b>SUSTAINABILITY MANAGEMENT</b></p> <p>➤ <b>CLIMATE ACTION</b></p> |

Index of the Ten Principles of the Global Compact

| Principle   | Systems  | Measures Taken   | Achievements   |
|---|--|--|--|
| <p><b>Principle 10</b><br/>Combating corruption</p> | <p>Our Business Conduct Guidelines contain the fundamental principles and rules for our conduct within Siemens and in relation to Siemens' customers, external partners, and the general public. They also serve as an expression of our values and form the basis for detailed internal regulations. The Business Conduct Guidelines are binding on all our people around the world.</p> <p>Our compliance system is designed to ensure that our business practices worldwide comply with these guidelines and follow applicable laws.</p> <p>It is based on three pillars – prevent, detect, and respond – and includes activity fields in anti-corruption, anti-money laundering, antitrust, Collective Action, data privacy, export controls, and human rights.</p> <p>➤ <b>COMPLIANCE</b></p> | <p>Siemens takes a zero-tolerance approach to corruption and other breaches of applicable law and our values as laid down in the Business Conduct Guidelines. Our compliance priorities are:</p> <ul style="list-style-type: none"> <li>➔ Foster Integrity,</li> <li>➔ Manage Risk and Give Assurance,</li> <li>➔ Effective Processes,</li> <li>➔ An Excellent Compliance Team, and</li> <li>➔ Committed to Business.</li> </ul> <p>Our priorities will continue to guide our work and will be defined in further detail with focus areas for fiscal 2022.</p> <p>We actively support the United Nations Convention against Corruption and the Anti-Bribery of the Organization for Economic Cooperation and Development (OECD). Siemens' activities in the World Economic Forum (WEF) include our participation in the Partnering Against Corruption Initiative (PACI).</p> <p>To date, we have provided some USD \$ 120 million in funding for 85 projects as part of the Siemens Integrity Initiative to combat corruption and fraud in more than 50 countries.</p> <p>As part of the DEGREE framework, we plan to provide training and refresher courses in the BCGs for 100% of our people in three-year cycles.</p> <p>➤ <b>COMPLIANCE</b></p> | <p>Once again in fiscal 2021, we made important progress in advancing the Siemens compliance system, including:</p> <ul style="list-style-type: none"> <li>➔ BCG training was rolled out for some 77,000 employees around the world (including SHS), and 72,000 of them (about 93%) had completed it successfully by the end of fiscal 2021.</li> <li>➔ We established global teams of compliance experts for specific topics. In this way, we aim to address significant cross-organizational challenges and at the same time, identify opportunities for improvement in terms of efficiency and efficacy by making the most of available knowledge and experience. As a part of this network, continuous monitoring of compliance risks was supplemented with a global group of experts to provide early detection of risks from new digital business models, and to define proposals for risk mitigation.</li> </ul> <p>➤ <b>OUR KEY AREAS OF IMPACT</b></p> <p>➤ <b>COMPLIANCE</b></p> |

7.8

# United Nations CEO Water Mandate

## Progress report

Siemens became a signatory to the United Nations CEO Water Mandate in 2008. We are continuing to support the Mandate in two ways: by managing water efficiently at our own facilities and by providing solutions that help our customers handle water and wastewater more efficiently.

## Our own activities

Further information about resource conservation and water consumption at Siemens locations is available in the section [↗ ENVIRONMENT](#) of this report. We are continuing to implement the approach to water resource management that was developed in 2021. The goals for locations with high water-related risks – risks due, for example, to aridity, high levels of wastewater contamination or poorly developed technical infrastructures – must be adjusted to local conditions in order to reduce risks and negative environmental impacts. Siemens' water strategy aims to minimize the negative local impacts of our water consumption by taking into account water scarcity and other risks such as water pollution and flooding in environmentally sensitive areas.

We use resources carefully and avoid wasting them wherever possible – for example, by participating in the Leadership in Energy and Environmental Design (LEED) certification program, whose focuses include efficient water utilization as a key planning element. We require LEED certification at all our new construction projects.

## Our supply chain partners

The environmental protection requirements for our supply chain partners are set out in the Siemens Group Code of Conduct for Siemens Suppliers and Third Party Intermediaries. Further information on these requirements is available in the section [↗ SUSTAINABLE SUPPLY CHAIN PRACTICES](#) of this report.

## Our customers

We support our customers with water management solutions.

## Advanced water extraction

Siemens has been commissioned by the A3C consortium to equip eight seawater desalination plants in Saudi Arabia with process automation systems, drives technology, process instrumentalization systems, and communications technology. This order follows an earlier agreement in which Siemens was named the main contractor to supply the electrical, automation, and instrumentation packages for the world's first large-scale solar-powered seawater desalination plant. Due to the use of solar power, CO<sub>2</sub> emissions at the plant, which is located near the Saudi Arabian city of Al Khafji, are considerably lower than those at plants powered by electricity from non-renewable sources. Siemens' technology also ensures plant availability of around 98%.

### Partnerships to reduce water loss

Siemens and BuntPlanet have signed a distribution agreement that enables them to offer advanced solutions and provide a wide-ranging portfolio of hardware, software, and services for water distribution networks. Particularly in the area of leakage detection, the partnership helps Siemens customers reduce water loss, guarantee water supplies and significantly increase energy efficiency. As part of this collaboration, both partners are making a major contribution to ensuring sustainable water supplies worldwide.

### Social commitment

Through memberships in international organizations, we participate in numerous initiatives and projects such as the water project on the Action 2020 platform of the World Business Council for Sustainable Development. We initiate, implement, and support projects to foster efficient water use in various regions of the world.

The Siemens Stiftung, Siemens' nonprofit foundation in Germany, applies an entrepreneurial approach to supplying communities with clean drinking water. One example of a successful project is:

### Safe Water Enterprises – Kenya

Migori country in western Kenya is a sub-Saharan region whose inhabitants have no access to clean drinking water. A Siemens Stiftung water kiosk provides the Wath Onger community in Migori with up to 20,000 liters of clean water per day. The kiosk is a source of income for community members, especially women. Since the installation of the kiosk, no new cases of cholera have been reported in the region. Other waterborne diseases such as typhoid and diarrhea have decreased significantly. The kiosk in Wath Onger is one of 20 Safe Water Enterprises supported by the Siemens Stiftung and was initiated by the Lake Victoria AIDS Support Organization (LAVISO).

Further information on projects from the Siemens Stiftung is available at:

[WWW.SIEMENS-STIFTUNG.ORG/EN/PROJECTS/](http://WWW.SIEMENS-STIFTUNG.ORG/EN/PROJECTS/)



7.9

## Independent auditor's limited assurance report

The assurance engagement performed by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft relates exclusively to the German PDF version of the Sustainability Report 2021 of Siemens AG. The following text is a translation of the original German Independent Assurance Report.

### To Siemens AG, Berlin and Munich

We have performed a limited assurance engagement on the Sustainability Report 2021 of Siemens AG for the reporting period from October 1, 2020 to September 30, 2021 (hereafter the report).

Our engagement exclusively relates to the German PDF version of the report. Our engagement did not include the information in the Annex to the report as well as any prospective disclosures and links to other web pages. The report is published as a PDF version at [www.siemens.com/investor/en](http://www.siemens.com/investor/en).

### Management's responsibility

The legal representatives of Siemens AG are responsible for the preparation of the report in accordance with the reporting criteria and for the selection of the information to be assessed. As reporting criteria, the Company applies the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and, for the key performance indicators of the Environmental Portfolio, the reporting principles as outlined in the Annex "Environmental Portfolio Reporting Principles" and the underlying criteria set forth in "A Corporate Accounting and Reporting Standard – Revised Edition" and "GHG Protocol for Project Accounting" issued by the Greenhouse Gas Protocol Initiative.

This responsibility includes the selection and application of appropriate methods to prepare the report as well as making assumptions and estimates related to individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a report that is free from – intended or unintended – material misstatement.

### Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the bylaws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

### Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information," issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the report of the Company has been prepared, in all material respects, in accordance with the reporting criteria. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between May and November 2021, we performed amongst others the following assurance and other procedures:

- Inquiries of employees concerning the sustainability strategy, sustainability principles, and sustainability management including the stakeholder dialog of Siemens AG,
- Inquiries of employees from the central Sustainability Department and other relevant departments responsible for the preparation of the report in order to assess the sustainability reporting system, the data capture and compilation methods, as well as internal controls to the extent relevant for the limited assurance of the report,
- Identification of likely risks of material misstatement in the report,

- Inspection of the relevant documentation of the systems and processes for compiling, aggregating, and validating sustainability data in the reporting period and testing such documentation on a sample basis,
- Analytical measures at Group level and at the level of the Industrial Businesses regarding the quality of the reported data,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of the sustainability data at Group level, at the level of the Industrial Businesses and at selected sites,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of the key performance indicators of the Environmental Portfolio including the procedures for determining the qualification of products, solutions, and services for the Environmental Portfolio,
- Inquiries of employees from the central Sustainability Department and other relevant departments on material qualitative statements in the report as well as the inspection of selected underlying documents,
- Evaluation of the presentation of disclosures in the report.

### Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability Report 2021 of Siemens AG for the period from October 1, 2020 to September 30, 2021 has not been prepared, in all material respects, in accordance with the reporting criteria.

### Intended use of the assurance report

We issue this report on the basis of the engagement agreed with Siemens AG. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

### Engagement terms and liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement ([www.de.ey.com/general-engagement-terms](http://www.de.ey.com/general-engagement-terms)). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability, or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify, or update it by means of their own review procedures.

Munich, November 30, 2021

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

|  |  |
|--|--|
| Breitsameter                                   | Johne  |
| Wirtschaftsprüferin<br>(German Public Auditor) | Wirtschaftsprüferin<br>(German Public Auditor) |

7.10

## Notes and forward-looking statements

There is no standard system that applies across companies for qualifying products and solutions for environmental and climate protection, or for compiling and calculating the respective revenues and the quantity of reduced carbon dioxide emissions attributable to such products and solutions. Accordingly, revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions may not be comparable with similar information reported by other companies. Revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions are derived from various internal reporting systems that are generally different from those applicable to the financial information presented in our Consolidated Financial Statements and are, in particular, subject to less sophisticated internal documentation as well as preparation and review requirements, including the IT systems in use and the general internal control environment. We may change our policies for recognizing revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions in the future without previous notice.

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate," "intend," "plan," "believe," "seek," "estimate," "will," "project," or words of similar meaning. We may also make

forward-looking statements in other reports, in prospectuses, in presentations, in material delivered to shareholders, and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens' management, of which many are beyond Siemens' control. These are subject to a number of risks, uncertainties, and factors, including, but not limited to those described in disclosures, in particular in the chapter Report on risks and opportunities including report on expected development of the Annual Report. Should one or more of these risks or uncertainties materialize, events of force majeure, such as pandemics, occur, or should underlying expectations including future events occur at a later date or not at all or assumptions prove incorrect, actual results, performance, or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

## 7.10 Notes and forward-looking statements

This document includes – in the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens' net assets and financial positions or results of operations as presented in accordance with the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures.

This document is an English-language translation of the German document. In case of discrepancies, the German-language document is the sole authoritative and universally valid version.

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## Further information and information resources

### Additional information

The Siemens annual financial report 2021 is available at:

📄 [WWW.SIEMENS.COM/ANNUALREPORTS](http://WWW.SIEMENS.COM/ANNUALREPORTS)

### Further sustainability information

Further information on our commitment to sustainability and sustainability figures are available at:

📄 [WWW.NEW.SIEMENS.COM/SUSTAINABILITY](http://WWW.NEW.SIEMENS.COM/SUSTAINABILITY)

📄 [WWW.NEW.SIEMENS.COM/SUSTAINABILITYFIGURES](http://WWW.NEW.SIEMENS.COM/SUSTAINABILITYFIGURES)

Further information on research, development, and innovation at Siemens is available at:

📄 [WWW.NEW.SIEMENS.COM/INNOVATION](http://WWW.NEW.SIEMENS.COM/INNOVATION)

Further information on Siemens Stiftung is available at:

📄 [SIEMENS-STIFTUNG.ORG/EN](http://SIEMENS-STIFTUNG.ORG/EN)

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