Siemens selects initial projects for US$100 million Integrity Initiative

Siemens AG today announced the first anti-corruption projects that will receive financing from the US$100 million integrity initiative to promote clean markets. This initiative is part of the World Bank-Siemens AG comprehensive settlement that was agreed on July 2, 2009. An initial tranche of US$40 million will now be distributed to more than 30 initiatives from over 20 countries that have been selected. Around 300 nonprofit organizations from 66 countries had applied for funding during the first round.

“Siemens stands for top performance with the highest ethical standards,” said Peter Y. Solmssen, Member of the Managing Board and General Counsel of Siemens AG. “Together with the World Bank Group, we want to promote integrity and fair competition worldwide. With the selection of the projects for the Siemens Integrity Initiative, we have taken the first important step in this direction.”

“We welcome the company’s initiative and clear commitment to the principle that only clean business is good, sustainable business,” said Leonard McCarthy, Integrity Vice President of the World Bank Group. “Corruption steals from the poor, and it can only be tackled on a joint basis. The projects of the Siemens Integrity Initiative will help strengthen the will to combat corruption worldwide and improve conditions for everyone.”

Projects that will be supported by this initial tranche include assisting the Brazilian organization Instituto Ethos in ensuring the transparent award of the infrastructure contracts for the Football World Cup 2014 and the Olympic Games 2016 in Brazil. In Europe, the newly founded International Anti-Corruption Academy is receiving funding for research and teaching. This Vienna-based international organization was set up to train anti-corruption experts from all over the world.

Other initiatives will be supported in the following countries: Angola, Brazil, China, Egypt, Hungary, India, Indonesia, Italy, Mexico, Nigeria, the Philippines, Russia, the Slovak Republic, South Africa, the Czech Republic, the U.S. and Vietnam and various Middle Eastern states.
As part of the World Bank-Siemens AG settlement agreement, the World Bank has audit rights over the use of the funds and veto rights over the selection by Siemens of anti-corruption groups or programs receiving funds. The selection was made with a view to achieving a balance with respect to the topics and the regional distribution of the funds.

In December 2009, Siemens announced that funds totaling US$100 million would be distributed over the next 15 years to nonprofit organizations worldwide that promote business integrity and fight corruption. This initiative is part of the agreement concluded between Siemens and the World Bank following an investigation by the World Bank’s Integrity Vice Presidency and Siemens’ acknowledgement of past misconduct in its global business.

“Siemens is now setting a global example,” said Theo Waigel, the company’s independent Compliance monitor. “Here a compliance organization with over 600 employees has been established. The new management operates according to the basic principle that only clean business is Siemens business.”

Further funding agreements as part of the World Bank-Siemens Initiative will be announced in 2011.

An image of World Bank President Robert Zoellick and Siemens CEO Peter Löscher launching the Siemens Integrity Initiative is available at: www.siemens.com/presspictures

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Detailed information about the criteria for the selection and profiles of the projects to be funded can be found at: www.siemens.com/integrity-initiative.

Background:
The comprehensive settlement with Siemens arose out of a World Bank investigation and the company’s acknowledgment of past misconduct in its global business. As part of the settlement, Limited Liability Company Siemens (OOO Siemens), a Russian subsidiary of Siemens AG, has been debarred for four years in connection with violations committed prior to 2007. The findings resulted from an investigation by the World Bank's Integrity Vice Presidency into fraudulent and corrupt practices under the Bank-financed "Moscow Urban Transport Project".

Siemens AG (Berlin and Munich) is a global powerhouse in electronics and electrical engineering, operating in the industry, energy and healthcare sectors. For over 160 years, Siemens has stood for technological
excellence, innovation, quality, reliability and internationality. The company is the world’s largest provider of environmental technologies, generating some €28 billion – more than one-third of its total revenue – from green products and solutions. In fiscal 2010, which ended on September 30, 2010, revenue totaled €76 billion and net income €4.1 billion. At the end of September 2010, Siemens had around 405,000 employees worldwide. Further information is available on the Internet at: www.siemens.com.

The World Bank Group is one of the world’s largest sources of funding and knowledge for developing countries. It comprises five closely associated institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), which together form the World Bank; the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). Each institution plays a distinct role in the mission to fight poverty and improve living standards for people in the developing world.

This document contains forward-looking statements and information – that is, statements related to future, not past, events. These statements may be identified by words such as “expects,” “looks forward to,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will,” “project” or words of similar meaning. Such statements are based on the current expectations and certain assumptions of Siemens’ management, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens’ control, affect Siemens’ operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. In particular, Siemens is strongly affected by changes in general economic and business conditions as these directly impact its processes, customers and suppliers. This may negatively impact our revenue development and the realization of greater capacity utilization as a result of growth. Yet due to their diversity, not all of Siemens’ businesses are equally affected by changes in economic conditions; considerable differences exist in the timing and magnitude of the effects of such changes. This effect is amplified by the fact that, as a global company, Siemens is active in countries with economies that vary widely in terms of growth rate. Uncertainties arise from, among other things, the risk of customers delaying the conversion of recognized orders into revenue or cancellations of recognized orders, of prices declining as a result of continued adverse market conditions by more than is currently anticipated by Siemens’ management or of functional costs increasing in anticipation of growth that is not realized as expected. Other factors that may cause Siemens’ results to deviate from expectations include developments in the financial markets, including fluctuations in interest and exchange rates (in particular in relation to the U.S. dollar), in commodity and equity prices, in debt prices (credit spreads) and in the value of financial assets generally. Any changes in interest rates or other assumptions used in calculating pension obligations may impact Siemens’ defined benefit obligations and the anticipated performance of pension plan assets resulting in unexpected changes in the funded status of Siemens’ pension and post-employment benefit plans. Any increase in market volatility, further deterioration in the capital markets, decline in the conditions for the credit business, continued uncertainty related to the subprime, financial market and liquidity crises, or fluctuations in the future financial performance of the major industries served by Siemens may have unexpected effects on Siemens’ results. Furthermore, Siemens faces risks and uncertainties in connection with certain strategic reorientation measures; the performance of its equity interests and strategic alliances; the challenge of integrating major acquisitions and implementing joint ventures and other significant portfolio measures; the introduction of competing products or technologies by other companies or market entries by new competitors; changing competitive dynamics (particularly in developing markets); the risk that new products or services will not be accepted by customers targeted by Siemens; changes in business strategy; the outcome of pending investigations, legal proceedings.
and actions resulting from the findings of, or related to the subject matter of, such investigations; the potential impact of such investigations and proceedings on Siemens’ business, including its relationships with governments and other customers; the potential impact of such matters on Siemens’ financial statements, and various other factors. More detailed information about certain of the risk factors affecting Siemens is contained throughout this report and in Siemens’ other filings with the SEC, which are available on the Siemens website, www.siemens.com, and on the SEC’s website, www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends to, nor assumes any obligation to, update or revise these forward-looking statements in light of developments which differ from those anticipated.