Accelerating Sustainability

Judith Wiese, Chief Sustainability Officer and CHRO
Notes and forward-looking statements

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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.
Based on a strong track record, Siemens is accelerating its sustainability approach.

**Strong track record in sustainability**
Sustainability is embedded in Siemens’ business activities; it’s part of our portfolio, our operations, our governance – our DNA.

**Sustainability equals business**
Siemens’ technology and innovation create opportunities and help our customers achieve their sustainability goals for a better future.

**DEGREE – our ambitious sustainability framework**
Siemens is committing to – and will report on its progress toward – clear ESG priorities and ambitions in keeping with our “DEGREE” framework.
Siemens’ strong track record in sustainability

Committed
- Setting targets: SBTi 1.5°C target commitment building upon pioneering carbon-neutral program
- Following standards: Supporting UN Global Compact and other UN Principles and Conventions since 2003
- Incentivizing ESG: Long-Term Incentive (LTI) system with Sustainability KPIs (Customer NPS, CO₂ Reduction, Training Hours)

Impactful
- Responsible business: Carbon-neutral program has already achieved 54% reduction of Siemens’ CO₂ footprint
- Sustainable development: Siemens’ impact shown through Business to Society approach in > 35 countries
- Fast aid: > €15 million COVID-19 Relief Fund for fast and unbureaucratic help

Recognized
- Leading in ratings: Part of the DJSI World Index (top 10%) for more than 20 years and over 10 years at the leadership level within CDP
- Acknowledged for ESG: In 2021, German Sustainability Award for Design for Siemens Mobility’s regional and commuter train Mireo
- Great place to work: Ranked among Forbes’ “World’s Best Employers” for 2020 in our industry; recipient of several awards for inclusion
Siemens has a strong track record in Sustainability

- **UN Global Compact**
- **Carbon-neutral pledge**
- **#1 Global Most Sustainable Corporations in our industry, globally**
- **SBTi commitment**

**Timeline:**
- 2003: Environmental Portfolio
- 2008: Business to Society®
- 2015: Chart of Trust
- 2016: Charter of Trust
- 2017: SBTi commitment
- 2018: #1 Global Most Sustainable Corporations in our industry, globally
- 2021: UN Global Compact
Siemens is actively driving collaboration to achieve sustainability and has made strong public commitments.

### Environment and climate
- Science Based Targets initiative (SBTi): 1.5 degree Celsius target commitment
- We Mean Business coalition: EV100, EP100, RE100 initiatives
- UN Framework Convention on Climate Change (UNFCC)
- WEF Alliance of CEO Climate Leaders
- Carbon Pricing Leadership Coalition (CPLC)
- EU Commission’s Circular Plastics Alliance
- UN CEO Water Mandate

### Social
- International Bill of Human Rights
- UN Guiding Principles on Business and Human Rights, UN Global Compact Women’s Empowerment Principles
- OECD Due Diligence Guidance for Responsible Chains of Minerals from Conflict-Affected and High-Risk Areas
- International Labour Organization (ILO), e.g. Declaration on Fundamental Principles and Rights at Work, Vision Zero Fund
- Healthy Workplaces Lighten the Load
- Charter of Trust

### Governance
- UN Agenda 2030 incl. 17 Sustainable Development Goals (SDGs)
- 10 Principles of UN Global Compact, UN Convention against Corruption (UNCAC)
- OECD Guidelines for Multinational Enterprises
- OECD Anti-Bribery Convention
- WEF Partnering Against Corruption Initiative (PACI)

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1. Global Reporting Initiative (GRI) is the independent international organization – headquartered in Amsterdam with regional offices around the world – that helps businesses, governments and other organizations understand and communicate their sustainability impacts.
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Siemens’ sustainability performance has received strong recognition in external ratings and rankings.

**Rating highlights**

- Innovation management
- Cybersecurity program
- Customer relationship management
- Green products and service / eco-design
- Compliance management system
- Environmental management system

<table>
<thead>
<tr>
<th>Rating</th>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-</td>
<td>81 pts</td>
<td>Over 10 years at leadership level (A/A-) in Climate Change</td>
</tr>
<tr>
<td>1</td>
<td>28.4 pts</td>
<td>Top rating in Quality score Environmental and Social</td>
</tr>
<tr>
<td>AA</td>
<td>61 pts</td>
<td>Constant leader for five years (AAA/AA)</td>
</tr>
<tr>
<td>Prime</td>
<td>57 pts</td>
<td>Prime status in ESG Corporate Ratings since 2016</td>
</tr>
<tr>
<td>Silver</td>
<td>61 pts</td>
<td>Silver recognition level (top 25%)</td>
</tr>
<tr>
<td>V.E</td>
<td>57 pts</td>
<td>Constituent of the VigeoEiris EUROZONE 120 index since 2020</td>
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</table>

- Member of Dow Jones Sustainability Indices
- High exposure similar to sub-industry average, strong management of ESG risks, 5th in Industrial Conglomerates industry
- Silver recognition level (top 25%)
Technology with purpose
Technology with purpose
Sustainability is core for all our businesses

Future of industry: Finite resources – infinite data

• Digital Enterprise portfolio to help industry respond faster and more flexibly to new market demands
• Digital twin: combines digital and real worlds in constant data flow to conserve resources and cut waste
• Smart industrial solutions to make products and production more resource-efficient and use less energy
• Greater transparency of products’ carbon footprints across the entire supply chain, including suppliers

Future of infrastructure: Decentral, decarbonized, and digital

• Intelligent energy solutions that contribute to a cleaner and more resilient energy mix
• Building offerings for optimal energy usage and healthy indoor climate
• New technologies to reduce emissions (e.g. GIS\(^1\) Blue portfolio, eMobility charging infrastructure)
• Decarbonization programs for customers including attractive financing schemes, e.g. IFPs for EaaS\(^2\)

Future of mobility: Strong shift toward decarbonized transportation systems

• Trains are the most environmentally friendly modes of passenger transportation
• Industry leader in train battery technology and development of superior second generation hydrogen train
• Intermodal offerings from door to door for a seamless travel experience
• Increased system capacity, availability and reliability through digitalization (e.g. interlocking in the cloud)
• Enhanced life-cycle management of assets through data-driven predictive maintenance and analytics

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1 GIS: Gas-Insulated Switchgear 2 EaaS: Infrastructure Platform; EaaS: Energy-as-a-Service
Technology with purpose
We help our customers enhance their sustainability performance

Sustainable Production
Mercedes-Benz
- Digital end-to-end technologies for flexible production
- Mercedes-Benz Digital Factory Campus as blueprint for flexible, resource-saving, CO₂-neutral factories
- New working environments with IT and Augmented Reality

Clean Energy
Azores Microgrid
- Autonomous battery-based energy storage system and microgrid
- Increased renewables by 60%
- Reduce CO₂ by > 3,500 t / year
- Reduce diesel use by 1,150 t / year
- Increased grid stability and resilience

Sustainable Region Rail
SFBW¹ (Baden-Wuerttemberg, GER)
- Mireo Plus Battery: Locally emission-free passenger transport with and without overhead power lines
- 25% less energy consumption than previous models
- 95% recycling rate at the end of lifecycle

¹ SFBW: State Office for Railway Vehicles Baden-Württemberg
Our DEGREE framework sets clear priorities for Sustainability at Siemens

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

Decarbonization
support the 1.5°C target to fight global warming

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

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

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

Resource efficiency
achieve circularity and dematerialization
Our DEGREE framework is substantiated with clear ambitions

Decarbonization

- Net zero operations by 2030 in line with SBTi pathway
- Net zero supply chain by 2050, 20% emissions reduction by 2030

Ethics

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

Governance

- ESG secured supply chain based on supplier commitment to the Supplier Code of Conduct
- Long-term incentives based on ESG criteria

Resource efficiency

- 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 towards zero landfill waste by 2030

Equity

- 30% female share in Top Management by FY 25
- Access to employee share plans: maintain high level and expand globally to 100%
- Global commitment to the New Normal Working Model

Employability

- 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 by 2025

1 Assessed on the basis of a Siemens internal ESG/Sustainability index, incl. Customer Net Promoter Score, CO2 Reduction, Training Hours
2 Where legally possible and reasonable
3 LTIFR: Lost time injury frequency rate (of Siemens employees and temp. workers) baseline FY2020
Decarbonization support the 1.5°C target to fight global warming

Major achievements

• Early commitment in 2015: 1st major industrial company to commit to net zero in its own operations by 2030; 54% CO₂ reduction by 2020 (fleet, decentralized energy systems, green energy sourcing)

• Abatement of ~150 million tons p.a.¹ of CO₂ emissions through our portfolio at our customers

• Strong offering of decarbonization solutions

Ambitions and further commitments

1.5°C SBTi² commitment and “triple joiner” for EP100, EV100, RE100³

• Net zero operations by 2030 in line with SBTi pathway

• Net zero supply chain by 2050, 20% emissions reduction by 2030

¹ FY 20
² SBTi: Science Based Targets initiative
³ Commitments on Energy Productivity improvements (EP), use of Electric Vehicles (EV), and Renewable Energy (RE)
Decarbonization support the 1.5°C target to fight global warming

Selected highlights

Energy performance contracting to reduce emissions and costs

Microgrids for Siemens, e.g. in Vienna, Milan, Midrand

Green Digital Twin drives sustainable design and sourcing decisions

Carbon reduction at suppliers
Ethics
foster a culture of trust, adhere to ethical standards and handle data with care

Major achievements
- 165,000 employees trained on the contents of our Business Conduct Guidelines in FY 20 promoting compliance
- DJSI\(^1\) leader in cyber security within our industry
- Charter of Trust initiative founded to drive cyber security in a trusted digital world with cross-industry and global partners
- Siemens Integrity Initiative covers all major growth regions and risk countries with 77 projects and $98.5 million funding

Ambitions and further commitments
Striving to train 100% of our people on Siemens’ Business Conduct Guidelines every three years

\(^1\) DJSI: Dow Jones Sustainability Index
**Ethics**
foster a culture of trust, adhere to ethical standards and handle data with care

**Selected highlights**

- Siemens Business Conduct Guidelines
- Certifications (e.g. Secure Product Development Lifecycle)
- Charter of Trust: global, cross-industry initiative
- Siemens Integrity Initiative
Governance
apply state-of-the-art systems for effective and responsible business conduct

Major achievements
• Strong ESG / Sustainability Governance in place (e.g. LTI, SSB), Circular, Materiality Assessment
• Code of Conduct with clear ESG requirements for Suppliers and Third Party Intermediaries as integral part of supplier management methods and tools (Prevent-Detect-Respond)
• AI-based “ESG Radar” due diligence tool for ESG-related risk assessment in rollout

Ambitions and further commitments
• ESG secured supply chain based on supplier commitment to the Supplier Code of Conduct
• Long-term incentives based on ESG criteria

1 LTI: Long Term Incentive, SSB: Siemens Sustainability Board  2 Assessed on the basis of a Siemens internal ESG-Sustainability index, incl. Customer NPS, CO2 Reduction, Training Hours
Governance
apply state-of-the-art systems for effective and responsible business conduct

Selected highlights

Commitment to international standards

Code of Conduct for Siemens’ Suppliers and Third Party Intermediaries

Sustainability Circular and ESG Risk Framework

Environmental & Social Due Diligence for customer related business
Resource efficiency
achieve circularity and dematerialization

Major achievements
- "Serve the Environment" program: -18% disposal waste, 93% waste recycling, 70% green electricity
- "Product Eco Excellence" program: ~70% LCA/EPD\(^1\) coverage rate in terms of revenue, global EP\(^2\) standard for environmentally compatible product/system design
- Top DJSI/CDP ratings on environmental performance

Ambitions and further commitments
- 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 towards zero landfill waste by 2030

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\(^1\) LCA: Life Cycle Assessment; EPD: Environmental Product Declaration;
\(^2\) EP: Environmental Protection
Resource efficiency
achieve circularity and
dematerialization

Simulation from chip to real
world reduces waste and
emissions

Velaro Novo high speed –
pushing boundaries of efficiency

Power flexibility in industry:
Virtual Power Plant Sinebrychoff
brewery

Simulation from chip to real
world reduces waste and
emissions
**Equity**

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

- > 18% management positions held by women
- 155,000 employees own Siemens shares
- 5,300 employees with disabilities
- > 500 projects to foster societal cohesion & quality of life
- Global Donations: €34 million in FY 20, COVID-19 fund > €15 million

**Major achievements**

- 30% female share in Top Management by 2025
- Access to employee share plans: maintain high level and expand globally to 100%¹
- Global commitment to the New Normal Working Model²

**Ambitions and further commitments**

1 Where legally possible and reasonable
2 Aim of the concept: Enabling employees worldwide to work on a mobile basis for an average of two or three days a week, whenever feasible
Equity
foster diversity, inclusion, and community development to create a sense of belonging

Selected highlights

New Normal Working Model
Best place to work for disability inclusion
Top ranked company in LGBT+ (e.g. DAX30 LGBT+, Human Rights Corporate Equality Index)

Project Asha – access to water, electricity, health, education (> 500k people, > 72 villages)
Siemens Foundation "empowering people.award"

1 Lesbian, Gay, Bisexual, Transgender and related communities
**Employability**

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

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**Major achievements**

- €252 million investment in education and training, shaping of new and innovative learning experience with more than 100,000 digital learning opportunities for employees
- ~6,800 apprentices and dual students; ~1 million PLM software licenses to empower students at universities
- 21% year-on-year reduction in employee accident rate

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**Ambitions and further commitments**

- 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\(^1\) by 2025

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Footnote:

\(^1\) LTIFR: Lost time injury frequency rate
Employability
enable our people to stay resilient and relevant in a permanently changing environment

Selected highlights

Lifelong learning – re-/up-skilling, development paths

Global Apprenticeship Program

PLM licenses – software grants to students

Health, safety, and well-being at work

Siemens Stiftung – MINT education for kindergarten
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