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| Message Paper – Version 1.0 – January 2017 |
| Business to Society (B2S)  |

At Siemens, we see ourselves as more than a “business to business” company; we also consider ourselves a “Business to Society” (B2S) company. Through our technologies, our sustainable operations, our thought leadership and corporate citizenship activities, we help contribute to the sustainable development of societies. The B2S approach maps our business activities to a society’s needs to measure the impact of our activities in an entire country, or of a specific site or project. On a global level, we analyzed our contribution to the UN Sustainable Development Goals (SDGs). This shows how Siemens makes real what matters for our customers and the societies we operate in, as well as indicating how and where we can generate impact in the future. It represents the “for life” in our brand claim “Ingenuity for life”.

About this document

This paper is intended to provide an initial and high level overview of Siemens’ business to society approach. Important: the document contains internal and confidential material. External disclosure of the information provided here, particularly customer examples, must be coordinated in advance with the individual contacts.

# 1. Summary

**“*Taking responsibility for society and future generations is what I understand under Business to Society, and it is what justifies the existence of companies*.” – Joe Kaeser, Siemens AG CEO**

At Siemens we believe companies only really succeed if they fulfill the needs of the society they work in. That means business has a responsibility for economic and social development, and that businesses must add lasting value to the countries and communities they work in. Our company generates this value through its portfolio, its local operations, its role as a thought leader and its numerous activities in corporate citizenship. Our ingenuity helps us to create lasting value for all relevant stakeholder groups.

This requires us to measure corporate success by much more than profit. Companies like Siemens must demonstrate how their business interests are aligned with the UN Sustainable Development Goals as well as national development agendas, and play an active role in economic and societal development. They must account for their social and environmental impact, and show how citizens benefit from business operations. Being a responsible company means working in partnership with society and being part of its long-term development.

The Siemens B2S methodology has been developed to measure and demonstrate our contribution to the sustainable development to our various stakeholders including customers, governments, suppliers, employees and potential recruits, as well as the wider public.

The UN’s 2030 Agenda for Sustainable Development sets out 17 goals to end poverty, to protect the planet and ensure prosperity for all, serving as a guide for action for governments, as well as the private sector. Business engagement will be critical to the successful achievement of these goals and the Siemens B2S approach shows how we can and are making a contribution to them.

By the end of 2016, B2S studies were completed for a total of nine countries around the world with another 20 under development. An evaluation of our company-wide contribution to the UN’s Sustainable Development Goals (SDGs) is underway and expected to be finalized in fiscal 2017.

2. Key messages

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Available on Message cockpit: https://messagecockpit.siemens.com/en/home/materials/corporate-materials/business-to-society.html

**3. B2S Methodology**

To objectively measure and assess the impact of our operations, a customized methodology was devised using the Measuring Impact Framework of the World Business Council for Sustainable Development (WBCSD), where Siemens is a global member. The methodology can be applied to measure the impact of a specific project, site, business, or of our activities in an entire country.

Instead of looking at the world through the prism of our own activities, we look at vital development issues - like job creation and skills, economic growth, quality of life and the environment – and identify how our operations can help or hinder sustainable development. These insights help us to better align our strategy to our stakeholders’ needs, to reduce any negative impacts and increase positive impacts, ultimately creating long-term value for society and our company. Providing transparency on our societal contribution can improve stakeholder engagement and give employees a sense of purpose. Essentially then, the B2S approach consists of four steps:

1. Adopting an outside-in perspective of the most relevant development priorities in a given context (e. g. global, national, project).
2. Identifying and measuring our contribution to these priorities.
3. Defining strategic actions to enhance our contribution and shape further development.
4. Providing transparency on our contribution to external and internal stakeholders.

**Measuring our impact**

We measure our impact in six areas that matter to society. These areas were derived from several national development plans and reflect the major areas that are essential for sustainable development:

1. Strengthening the economy,

2. Developing local jobs and skills,

3. Driving innovations,

4. Sustaining the environment,

5. Improving quality of life, and

6. Shaping societal transformation

**Determining our contribution to the Sustainable Development Goals**

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TheUN’s Agenda 2030 outlines 17 **Sustainable Development Goals (SDGs)** to end poverty, to protect the planet and ensure prosperity for all. The successful achievement of these goals requires collaboration action from all members of society, including national governments, businesses and private individuals. Mapping the SDGs to the B2S impact areas provides a structure to show how Siemens’ activities are making a contribution to them (please see graphic below).



Global consulting firms and agencies are used when required to provide external expertise and independent support to assess Siemens’ impact.

Companies often try to gloss over the negative. At Siemens, we are committed to understanding it and dealing with it. The B2S analysis enables us to identify areas where we need to improve and provides insights to understand how we can perform better. We believe that with its sphere of impact, a company holds responsibility to steer and manage its activities in a sustainable manner.

**4. Where have B2S studies been done?**

To date, Business to Society studies have been completed for Argentina, Germany, Morocco, Russia, Singapore, Slovakia, South Africa, Turkey, UAE and United Kingdom. Studies are currently being carried out for a further 20 countries. Furthermore, a complete analysis of Siemens’ global contribution is also under development and expected to be available as of February 2017.

**5. Highlight Results**

* Siemens’ global operations contribute to about € 250 billion in GDP creation and more than 4.3 million jobs, equaling more than ten times the number of our own employees.[[1]](#footnote-1)
* In Germany, 40 % of both purchasing volume and revenue are attributable to business done with small and medium-sized companies (SMEs).¹
* Over the last six years the number of patients in emerging countries with access to Siemens imaging systems increased by more than two thirds from about 760 million in fiscal 2010 to about 1,270 million in fiscal 2016.[[2]](#footnote-2)
* In the U.K., more than 400,000 students were reached by education projects in fiscal 2015.
* In September 2016, Siemens and the Argentinean government agreed to intensify cooperation to create employment, support development of local SMEs, and train future engineers and technicians.

**6. Quotes**

* “*Taking responsibility for society and future generations is what I understand under Business to Society, and it is what justifies the existence of companies*,” Joe Kaeser, CEO, Siemens AG
* “*Full awareness of our responsibility for society and future generations – that is what Business to Society means to me.”* Joe Kaeser, CEO, Siemens AG
* “*A company that does not add value should not exist*,” Joe Kaeser, CEO, Siemens AG
* "*The report and its various communications assets are first and foremost a conversation starter with government, media and customers. […] This provides a great opportunity to further entrench Siemens as a trusted partner of choice. We are walking the sustainability talk*." Sabine Dall'Omo, CEO of Siemens South Africa
* "*At the core of what we do we take responsibility in communities seriously and huge investment is creating real local value add across the UK.*" Juergen Maier,
Chief Executive, Siemens plc
* "*Without this analysis from Siemens, SSE's largest contractor for Clyde Extension, SSE's estimation of this economic contribution would be 20% lower**than we now know it actually is. This study demonstrates the impact to the UK economy from onshore wind is way beyond anything anyone in the industry has understood until now*." Alistair Phillips Davies, Chief Executive, SSE plc.
* *“Excellent tool to improve communication with key stakeholders, like customers, government, media and partners. From an internal perspective, the B2S is a tool to generate awareness […] of what Siemens is doing in terms of contribution to the local society.*" Javier Pastorino, CEO Siemens Argentina
* *“Business to Society offers an impressive range of facts and figures as well as strategic insights into our contribution to the national priorities of Germany. In a regional sales and service organization, we can leverage B2S for our dialogue with customers, applicants, politicians and institutions. In addition, our employees learn how we make real what matters in Germany and can walk the talk as great ambassadors for our company.”* Uwe Bartmann, CEO Siemens Germany
* ”*Sustainable development is not charity but rather smart development. The role of business will be indispensible with the SDGs. Healthy societies go hand in hand with healthy markets*," Ban Ki-Moon, on the launch of the SDGs.
* “*Governments must take the lead with decisive steps. At the same time, businesses can provide essential solutions and resources that put our world on a more sustainable path*,” Ban Ki-Moon, speaking at Global Economic Forum in Davos, Switzerland January 2016.
* “*I can now explicitly – with sound facts – tell our stakeholders how we contribute as Siemens to Turkey with new dimensions. The outcome is highly beneficial*" Hueseyin Gelis, CEO of Siemens Turkey

**7. Additional resources**

**Excerpt from Speech Mr. Kaeser – Meaning@work**

The purpose of a company is never just to make money. Yes, a business has the obligation to stakeholders to be profitable. But that is just the means to an end. Its purpose is to serve society, to create value for society. A business that does not meet this basic requirement should not exist.

I’m sure you know what a B2B company is and what a B2C company is. Well, I have a new category for you: B2S!

I call Siemens a B2S company – a business-to-society company. A company should contribute to the welfare and progress of society – not just in the short term but in a lasting way, for the benefit of future generations.

I believe every company, whether large or small, should be a B2S company!

If you take that seriously, and at Siemens, we take that very seriously, then your perspective changes. You start asking different questions. For example:

* In what ways does my company create value for society?
* What overall impact does my company have on society?
* What impact does it have on the environment?
* How does my company support the sustainable development of a country?

Those are the kinds of questions we answer with our Business to Society Report.

To objectively measure the value we create for society in individual countries, we developed a methodology based on a concept of the World Business Council for Sustainable Development.

(Full text of speech available here….)

**8. External facts**

Economic development

* Continued, inclusive and sustainable economic growth is a prerequisite for global prosperity and development. While labor productivity increased in developing regions, productivity in developed regions was still more than twice that of any developing region, and around 20 times greater than in sub-Saharan Africa and Southern Asia.
* Manufacturing is a major engine of economic growth. In 2015, manufacturing value added per capita was less than 100 US$ a year in the least developed countries compared to 4,926 US$ in developed regions.
* The volume of world trade nearly doubled between 2005 and 2014 with merchandize export of developing regions growing by nearly 40% in 2014.[[3]](#footnote-3)

Energy demand and access to electricity

* Energy demand is expected to increase by 40% by 2030 (source: IEA)
* Access to affordable, reliable and sustainable energy is crucial for development. 1.1 billion people are still without this essential service.

Digital transformation

* By 2020, the digital universe will reach 44 zettabytes – a tenfold increase from 2013.[[4]](#footnote-4)

Climate Change and CO2

* Climate change is one of the greatest challenges of our time. In the summer of 2016, the Earth's atmosphere had the highest CO2 concentration in 800,000 years.[[5]](#footnote-5)
* More frequent and intense natural disasters are the consequence. On average 83,000 people died and 211 million were affected annually from 2000 to 2013, as a result of natural disasters.
* Modern renewables accounted for 60% of all new power generating capacity in 2014.
* Globally, energy efficiency technologies reduced CO2 emissions per unit of value added by 13% from 2000 to 2013.

Population growth, People in Cities

* The world’s population will increase from 7.3 billion people today to 9.7 billion people in 2050. Average life expectancy will then be 83 years.
* Today, more than half the world’s population lives in cities. By 2030, six in 10 people will be urban dwellers.
* In 2014, about half the urban population worldwide was exposed to air pollution levels, at least 2.5 times above the safety standard.
* 1.25 million people died in road traffic accidents in 2013.

Access to Education, Child Labor

* Data from 38 countries in developed regions show that, in the majority of these countries, 75% or more of young people had at least minimum proficiency in reading and/or mathematics; the same was true for only five of the 22 developing countries with data.
* While the number of children engaged in child labor declined globally by one third from 2000 to 2012 (from 246 million to 168 million), more than half of child laborers in 2012 (85 million) were engaged in hazardous forms of work.

Gender inequality

* Women spend 19% of their time each day on unpaid labor versus 8% for men.
* The proportion of seats held by women in single or lower houses of parliament rose to 23% in 2016.

Migrants

* 244 million international migrants lived abroad in 2015, which is a 41% increase compared to 2000. Besides the people who need to flee their homeland to escape war and terror, there are also many who seek opportunities and an increased standard of living.

**9. Further information**

<http://www.siemens.com/investor/pool/en/investor_relations/siemens_sustainability_information2016.pdf>

B2S website featuring B2S studies:

[www.siemens.com/B2S](http://www.siemens.com/B2S)

[www.siemens.com/B2S/de](http://www.siemens.com/B2S/de)

Message triangle and other materials:

<https://messagecockpit.siemens.com/en/home/materials/corporate-materials/business-to-society.html>

**External Information**

**Offical UN SDG Website**

<https://sustainabledevelopment.un.org/>

**Business and Sustainable Development Commission**

http://report.businesscommission.org/

**Open Letter from the SDG Advocates featured in the Financial Times UK Edition**

Source: <http://www.un.org/sustainabledevelopment/blog/2016/11/open-letter-from-the-sdg-advocates-featured-in-the-financial-times-uk-edition/>

1. Numbers from fiscal 2015 [↑](#footnote-ref-1)
2. Healthineers – Based on the number of installed Siemens computed tomography (CT) systems in 113 developing countries (UN HDI 2010 < 0.785). [↑](#footnote-ref-2)
3. UNCTD statistics, values and shares of merchandise exports and imports from 1948 to 2014 [↑](#footnote-ref-3)
4. IDC, The Digital Universe of Opportunities: Rich data and the increasing value of the internet of things [↑](#footnote-ref-4)
5. Scripps Institute of Oceanography, „the Keeling Curve” [↑](#footnote-ref-5)