



# Code of Conduct for Siemens Suppliers

Corporate Supply Chain and Procurement

**SIEMENS**

# Foreword



## Good Corporate Responsibility secures the long-term success of Siemens and creates lasting value.

When it comes to Corporate Responsibility, we intend to lead the way. An economically healthy company provides security for the future and jobs, and continuously works for the good of society and the environment. For Siemens, Corporate Responsibility means providing outstanding and innovative products and services for society while fulfilling all ethical, economic, ecological and social responsibilities. These goals apply in particular to our entire value chain.

With a material cost contribution amounting to some 50% of our sales, Procurement has an important status at Siemens. We are aware that, in conducting our global procurement activities, we exert a significant influence on the society and environment within our procurement markets. Sustainable economic management is therefore an integral part of Siemens' procurement policy. For this reason, we expect our suppliers not only to contribute to Siemens' economic success, but also to adhere strictly to our Code of Conduct for Siemens Suppliers. Suppliers must also ensure that these binding rules are implemented and observed within their own supply chain.

A handwritten signature in black ink, appearing to read 'Wolfgang Dehen'.

**Wolfgang Dehen**

Member of the Corporate Executive Committee

It is our declared objective to work with our suppliers to ensure the sustainable implementation of the principles set down in the Code of Conduct for Siemens Suppliers. Based on the values described in this brochure, we strive for a close partnership with our suppliers with the aim of jointly creating added value for all parties involved.

This brochure serves as a guideline on the topic of Corporate Responsibility in the supply chain for our stakeholders: customers, shareholders, employees, suppliers and other representative bodies. In the following chapters it shows in detail the requirements Siemens places on its suppliers and how our suppliers can actively support us in this.

Further information on the topic of Corporate Responsibility in the supply chain can be found at:

[www.siemens.com/procurement/cr](http://www.siemens.com/procurement/cr)

A handwritten signature in black ink, appearing to read 'Bernd Regendantz'.

**Bernd Regendantz**

Corporate Supply Chain and Procurement



# Contents

<b>Foreword</b>	<b>2</b>
Corporate Responsibility	4
Legal compliance and prohibition of corruption and bribery	6
Respect for the basic human rights of employees	8
Prohibition of child labor	10
Health and safety of employees	12
Environmental protection	14
Supply chain	16
Detection modules and consequences of deviations	18
Contractual obligations	20
Compliance HelpDesk	22

# Corporate Responsibility

Siemens has been and continues to be engaged in business activities around the world that are crucial to the existence of modern societies: energy supply and efficiency, automation technology, industry, public infrastructure and healthcare. With this business portfolio comes a special responsibility for our company: to ensure the viability, cost-effectiveness and sustainability of basic infrastructures, to support the competitiveness of our customers, and safeguard the quality of life of a great many people.

These areas of responsibility tie in closely with the key targets for sustainable business practices: enhanced security, more efficient use of resources and long-term environmental and social compatibility.

Siemens wants to be perceived in all countries as an integral part of the national society and economy. Because of the huge diversity of conditions at the many locations worldwide, this maxim of Siemens' business policy represents a major challenge in daily practice. We are aware, however, that our activities have far-reaching effects on the local and regional social environment.

**Economic development and employment:** Our investments and purchasing activities provide a long-term economic boost to the regions in which Siemens operates. At many locations, Siemens is an important employer or even the biggest employer in the local area. Local value creation and high tax revenue help to increase people's purchasing power, and support further economic growth in

the region through the creation of new jobs. As a global network, Siemens supports integration into the global economy. In addition to the modern, skilled jobs at Siemens, further jobs are created and existing jobs safeguarded among our local suppliers and service providers.

**Infrastructure:** Investments made by Siemens often go hand in hand with additional investments in the technical infrastructure that generate a wider benefit, particularly in the energy, communications, transportation and environmental sectors.

**Innovation:** Siemens is the technology leader in many sectors, and makes full use of its innovative production and service expertise at the local level, enabling people in many countries to access cutting-edge technology.

**Education, science and research:** Siemens relies on a highly skilled workforce, and therefore cooperates with local educational establishments across the world and provides support for science and research. Siemens sets the standard for professional training and further development, and maintains its own research institutions in a number of key regions.







Since 2003, Siemens has been a member of the United Nations Global Compact. Siemens has committed itself to the ten principles of the categories of the Global Compact relating to human rights, labor standards, environmental protection and anticorruption initiatives. These principles are derived from the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO) and the principles of the Rio Declaration on Environment and Development. The Code of Conduct for Siemens Suppliers is based to a great extent on the principles of the Global Compact.

**Environment:** The company strives to limit its impact on the environment due to factors such as unavoidable emissions, resource consumption and traffic volume, depending on the portfolios and products involved. In a large number of applications, Siemens technology makes a crucial contribution to improving efficiency and effectively reducing resource consumption and environmental pollution.

Our business goal is to maintain and create long-term value for our company and our stakeholders. This can only succeed if we use our influence to promote positive social and environmental developments. Cooperation with our suppliers on the basis of clear, internationally recognized principles and shared goals constitutes a key element of this strategy.

You can find further information on the topic of Corporate Responsibility at Siemens on our internet pages at:  
[www.siemens.com/responsibility](http://www.siemens.com/responsibility)  
[www.unglobalcompact.org](http://www.unglobalcompact.org)  
[www.ilo.org](http://www.ilo.org)

# Legal compliance and prohibition of corruption and bribery

Siemens conducts business responsibly and in compliance with the legal requirements and governmental regulations of the countries in which we operate. Under no circumstances, therefore, will illegal or non-compliant behavior be tolerated in the company. We have set ourselves globally binding principles and guidelines that require all employees and managers to behave in an ethical, law-abiding manner. They form the basis for our work and the way in which our employees interact with each other and with our customers and partners.

We consider legal compliance to be our primary duty. As part of our Corporate Responsibility, we also expect this from our suppliers.

## **How do you, as a supplier, actively support us in implementing the Code of Conduct for Siemens Suppliers with respect to legal compliance and the prohibition of corruption and bribery?**

You are strongly committed to ensuring legal compliance and, in particular, the strict prohibition of corruption and bribery. To achieve this:

- You have set up and implemented a company-wide compliance program, or a continuous process of monitoring and assuring legal compliance and the prohibition of corruption, that defines corresponding, binding rules for all employees, including rules governing the offering and acceptance of gifts (similar to Siemens Business Conduct Guidelines).

- You regularly review your compliance program or process, updating it as required and informing your employees accordingly.
- You provide your employees with regular training in respect of important compliance issues.
- If necessary you will draw up and apply regulations governing procedure in the event of infringement of compliance regulations, in particular those regarding the prohibition of corruption and bribery.
- You also impose a contractual obligation on your business partners to comply with the law, in particular the provisions governing corruption, and monitor adherence to it.
- Your executive management is responsible for compliance matters within your company.

## **How does Siemens verify your adherence to your declarations regarding legal compliance and the prohibition of corruption and bribery? (See chapter on detection and consequences)**

- Is a named member of the executive management responsible for compliance with applicable laws, in particular those governing the prohibition of bribery and corruption?
- Does your company have written instructions or guidelines which expressly oblige all employees to comply with







**Siemens' suppliers undertake:**

- To comply with the laws of the applicable legal system(s);
- to tolerate no form of and not to engage in any form of corruption or bribery, including any payment or other form of benefit conferred on any government official for the purpose of influencing decision making in violation of law.

applicable laws, in particular those governing the prohibition of bribery and corruption?

- Are there regular training programs for all employees at your company regarding compliance with applicable laws, in particular those governing the prohibition of corruption and bribery?

You can find further information on the topic of Corporate Responsibility at Siemens on our internet pages at: [www.siemens.com/responsibility](http://www.siemens.com/responsibility)

To justify the trust placed in Siemens by our customers, suppliers, partners, shareholders and employees, our top priority is to ensure the integrity and transparency of our business processes. To this end, it is essential for Siemens to be informed of any non-compliance.

For this reason, both the internet pages mentioned above and the "Compliance HelpDesk" chapter provide details of both the ombudsman and the Compliance HelpDesk "Tell Us", which can be contacted by customers, suppliers, employees, shareholders and other business partners in confidence and anonymously if they have observed any improper business practices within the company.

# Respect for fundamental employment rights

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

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

- You have internal regulations governing respect for applicable employment rights.
- When hiring employees, and in other personnel-related activities such as training and continuing professional development and advancement, you abide by the principles of equal opportunities and equal treatment, an implement internal regulations created for this purpose. For example, discrimination, including on the basis of race or skin color, is not permitted within your company.
- You do not employ anyone who, because of an act of law, an official decision or a court ruling, is obligated to work for you. For example, forced labor as defined in Convention No. 29 of the International Labor Organization (ILO) is not permitted within your company.

- You have established internal rules for the fair treatment of others and monitor their observance. Your employees are free to lodge complaints with their superiors without fear of reprisal.
- You pay your employees fair remuneration and comply with relevant national statutory minimum wage rates and restrictions on working hours.
- You accept the right of employees, to the extent that it is legally applicable, to form associations such as trade unions.

**How does Siemens verify your adherence to your declarations regarding respect for fundamental employment rights? (See chapter on detection and consequences)**

- What regulations exist to ensure that all employees are treated in an acceptable manner and that, in the event of unacceptable treatment, they are able to make a complaint without fear of reprisals?







#### Siemens' suppliers undertake:

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

- What regulations exist to ensure that no one is employed in your company against their will (e.g. by order of the authorities or as a result of a court decision)?
- How are the principles of equal opportunity and equal treatment practised when recruiting employees and during their period of employment with the company?

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

# Prohibition of child labor

Siemens expects its suppliers to only employ workers with a minimum age of 15. This minimum employment age is laid down in several conventions of the International Labor Organization (ILO). These conventions regulate internationally valid lower limits. If a higher minimum employment age is valid in the country in which a supplier maintains its business premises, then the supplier must adhere to it. In exceptional cases only, we will accept a minimum age of 14 provided that a statutory minimum age of 14 applies under ILO Convention 138 in the country where the affected supplier maintains its business establishment.

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

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

**How does Siemens monitor your adherence to your declarations regarding the prohibition of child labor? (See chapter on detection and consequences)**

- What is the statutory minimum age at which workers may be employed according to company policy or statutory regulations?
- How is the age of young workers determined during the recruitment process and how is the answer verified?
- Is the date of birth/age of young employees registered in the personnel records or elsewhere?



© UNICEF



© UNICEF

The Siemens Caring Hands Program supports UNICEF's "Schools for Africa" campaign, thereby giving numerous African children access to education.







**Siemens' suppliers undertake:**

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

You can find further information on the prohibition of child labor and the relevant conventions of the International Labor Organization at:  
[www.ilo.org](http://www.ilo.org)



# Health and safety of employees

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

**Your contribution, as a supplier, to actively implementing the Code of Conduct for Siemens Suppliers regarding health and safety for employees:**

- There is a clear commitment by management to occupational health and safety.
- You assess and take account of possible effects of activities, products and services on the health of the employees.
- You take measures to prevent accidents on building sites and in plants.
- You eliminate insecure and dangerous conditions immediately.
- You control hazards and take the best possible precautionary measures against accidents and occupational diseases, which means: assessing hazards and effects of activities, products and services and implementing appropriate measures to eliminate or minimize the hazards and their effects as much as possible.



You can find further information at:  
[www.siemens.com/responsibility](http://www.siemens.com/responsibility)

**Providing training and ensuring that employees are educated in health and safety issues means:**

- Educated employees recognize the hazards and can hence contribute to preventing accidents and occupational diseases.
- Setting up or using a reasonable occupational health & safety management system means: systematic and complete description of process workflows, identification of requirements and efficient implementation, regular monitoring and assessment, transparency, traceability and risk minimization.

In addition, our business partners must adhere actively to the principles of occupational health and safety, both when selecting suppliers and in the conduct of their business relationships.

**How do you, as a supplier, actively support us in implementing the Code of Conduct for Siemens Suppliers with respect to the health and safety of employees? (See chapter on detection and consequences)**

- You have your own minimum requirements for occupational health and safety and adhere to them actively. You regularly develop these minimum requirements further internally and keep your suppliers informed about them.
- You have an officer who is responsible for occupational health and safety matters, and you implement suitable measures to ensure compliance.
- You support your suppliers actively in implementing these standards. If a supplier repeatedly or seriously





#### **Siemens' suppliers undertake:**

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

breaches these standards, you exclude this supplier from further business transactions.

- You have an occupational health and safety management system in place in accordance with OHSAS 18001 or equivalent. This should be adapted in accordance with the supplier's range of products and services, the risk potential and the size of the company.
- You provide employees with the protective equipment identified for their job, and they must undertake to use it accordingly.

#### **How does Siemens verify your adherence to your declarations regarding the health and safety of employees? (Examples from Corporate Responsibility self-assessments or audits)**

- Is there a suitable health and safety management system in place?
- How are employees instructed in occupational health and safety?
- How are accidents and the causes of accidents systematically recorded and measures for avoiding reoccurrence derived?

# Environmental protection

Siemens' environmental protection policy is based on global standards for environmental management. Where our products are concerned we take a holistic approach to environmental protection, ensuring that the whole product lifecycle, from development through manufacture and use, to re-use or disposal, is environmentally friendly. We also expect you, our suppliers, to make every effort to protect the environment, and to keep the impact your activities have on it as low as possible. Among other things, we expect your environmental management policy to include the efficient use of energy and other resources and the minimization of emissions.

The environmental management system requirements that you as a supplier must meet can be determined on the basis of Siemens' own categorization (see [www.siemens.com/procurement/cr/environment](http://www.siemens.com/procurement/cr/environment)).

**How do you, as a supplier, actively support us in implementing the Code of Conduct for Siemens Suppliers regarding environmental protection? (See chapter on detection and consequences)**

- You have a process, or an organization of your own, that ensures compliance with statutory regulations and customer requirements governing operational and product-related environmental protection.
- All the approvals and/or licenses required for the operation of your sites are documented and regularly checked.
- You have a suitable management system (e.g. an ISO 14001-compliant or equivalent system) of environmental protection as defined at [www.siemens.com/procurement/cr/environment](http://www.siemens.com/procurement/cr/environment).
- You have rules, guidelines, internal standards or similar governing product-related environmental protection, for example with regard to product design, restrictions on materials, labeling, information obligations, re-use, environmentally compatible product use, maintenance and disposal and, where applicable, measures for protection against hazardous substances, and you train your employees accordingly.
- You actively inform your customers on the environmental compatibility of your products (e.g. product-specific environmental declarations and environmental reports).
- You have targets and activities extending beyond compliance with statutory requirements and international standards for operational and product-related environmental protection.







**Siemens' suppliers undertake:**

- To act in accordance with the applicable statutory and international standards regarding environmental protection;
- to minimize environmental pollution and make continuous improvements in environmental protection;
- to set up or use an environmental management system.

**How does Siemens verify your adherence to your declarations regarding environmental protection? (See chapter on detection and consequences)**

- Is there a reasonable management system in place for environmental protection (e.g. ISO 14001 or EMAS)?
- What is done to ensure compliance with statutory requirements and international standards relating to environmental protection?
- How does your company ensure compliance with the requirements of product-related environmental protection (in particular restrictions on substances in accordance with SN 36350)?

You can find further information at:  
[www.siemens.com/responsibility](http://www.siemens.com/responsibility)

Siemens Standard SN 36350  
Environmentally Compatible  
Product Design:  
[www.siemens.com/sn36350](http://www.siemens.com/sn36350)

# Supply chain

For our suppliers too, a large proportion of the value added is generated in the supply chain. It is therefore important to us that our suppliers take active steps to promote and implement compliance with our Code of Conduct for Siemens Suppliers or their own equivalent code of conduct in their supply chain.

For this reason, we expect our suppliers not only to comply with the Code of Conduct for Siemens Suppliers in their own organization but also to ensure in turn that their suppliers adhere to the international standards summarized in the Code of Conduct for Siemens Suppliers.

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



You can find further information on how Siemens has implemented Corporate Responsibility in the supply chain at:  
[www.siemens.com/procurement/cr](http://www.siemens.com/procurement/cr)

**How do you, as a supplier, actively support us in implementing the Code of Conduct for Siemens Suppliers in your supply chain?**

- You have established your own ethical, social and ecological minimum requirements in your supply chain, and your suppliers are legally bound to comply with them.
- You have at least one officer who is responsible for issues of sustainability in the supply chain.
- You take suitable measures (e.g. Corporate Responsibility self-assessments, on-site visits and management talks) to ensure that your suppliers permanently meet the minimum requirements.
- You actively support your suppliers in implementing these standards. If a supplier commits repeated or serious breaches, for example with regard to child labor, you take active steps to exclude this supplier from further business transactions.
- You undertake continuous further development of your own minimum requirements for suppliers.

**How does Siemens monitor your adherence to your declarations on the supply chain? (See chapter on detection and consequences)**

- How do you encourage your suppliers to comply with the Code of Conduct for Siemens Suppliers?
- What are the consequences or what action do you take when you receive concrete information regarding violation of the principles of the Code of Conduct for Siemens Suppliers by your suppliers?







**Siemens' suppliers undertake:**

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



# Detection modules and consequences of deviations

**Sustained compliance with the responsibilities and principles of the Code of Conduct for Siemens Suppliers is checked by Siemens using the following methods: Corporate Responsibility self-assessment, supplier quality audit with Corporate Responsibility Module and Incident Driven Inspection.**

Inspections at the supplier's premises are only carried out following prior notification by Siemens, within normal operating hours and in accordance with the applicable laws. In addition it will be ensured that the business activities of the supplier are not disrupted and that confidentiality agreements with third parties are not breached. Protection of personal data is important to Siemens, therefore all personal information is handled in line with the applicable legal guidelines on the protection of personal information, data security and anti-trust regulations. This means that personnel information or price calculations, for example, are not included in an audit.

## **Corporate Responsibility self-assessment**

One method of checking compliance with the Code of Conduct for Siemens Suppliers is the use of the Corporate Responsibility self-assessment. Siemens expects, on the basis of a questionnaire, that the supplier provides its own assessment of the following topics within a specified period:

- Legal compliance
- Respect for basic rights of employees
- Prohibition of child labor
- Employee health and safety

- Environmental protection
- Prohibition of corruption and bribery
- Transfer of the principles to the supplier's own supply chain

The questionnaire is available online at [www.siemens.com/procurement/cr/self-assessment](http://www.siemens.com/procurement/cr/self-assessment).

## **Regular supplier quality audits with Corporate Responsibility Module**

During regular process and system audits at the supplier's premises, the sustained implementation of the requirements of the Code of Conduct for Siemens Suppliers is also checked. For this purpose the supplier quality audits have, since 2007, been supplemented by a special Corporate Responsibility Module with individual questions on all topic areas of the Code of Conduct for Siemens Suppliers. Extracts of these questions can be found in the respective chapters of this brochure.

In the case of significant deviations, for example, if potential risks or dangers for employees exist and no remedial measures are put in place, the supplier and Siemens collectively agree on the respective measures for improvement. The agreed measures are binding.

## **Incident Driven Inspections are carried out when:**

- a strong and confirmed suspicion of a contravention of the Code of Conduct for Siemens Suppliers exists (for example, on the basis of well known media reports or results from regular quality audits) and/or
- the result of the Corporate Responsibility self-assessment clearly indicates a potential risk.



Further information concerning detection and consequences can be found at: [www.siemens.com/procurement/cr/self-assessment](http://www.siemens.com/procurement/cr/self-assessment) [www.siemens.com/procurement/supplier-management](http://www.siemens.com/procurement/supplier-management)





Incident Driven Inspections are carried out with prior notification and focus solely on the principles of the Code of Conduct for Siemens Suppliers. They are carried out either by specially trained Siemens employees or a third party authorized by Siemens.

#### **Consequences in the case of malpractice**

In the case of deviations from the Code of Conduct for Siemens Suppliers, Siemens and the supplier will agree to implement sustainable measures for improvement within a suitable time frame. The time frame for rectification can, depending on the type and extent of the deviation, cover a set agreed period of weeks or months during which time the required remedial measures are defined and put in place by the supplier immediately following discovery of the deviation. All measures put in place after inspections are incorporated into the company-wide standard Supplier Management method at Siemens ([www.siemens.com/procurement/](http://www.siemens.com/procurement/)

**suppliermanagement**) and are systematically selected and pursued. Implementation of the measures has, therefore, an influence on the supplier's annual performance rating and on the estimation of the supplier's future potential, as well as on the approval of the supplier within the regular supplier qualification process.

#### **How do you, as a supplier, actively support us in checking that the requirements of the Code of Conduct for Siemens Suppliers are implemented and sustained?**

We expect our suppliers to:

- Answer enquiries regarding compliance with the Code of Conduct for Siemens Suppliers within the requested time.
- Actively support the need for clarification and demonstrate active co-operation and willingness to improve, should a potential risk arise from the information in the Corporate Responsibility self-assessment,

for example failure to check the age of young employees or non-implementation of corrective measures in the case of a well-known environmental incident.

- At an Incident Driven Inspection or supplier quality audit, make available supporting documentation on sustained compliance with the principles of the Code of Conduct for Siemens Suppliers, such as a documented Environmental Management System and, at the request of Siemens, can provide appropriate information.
- Permit the quality auditors access to the required documents and areas so that they can gain a full awareness of your compliance with the Code of Conduct for Siemens suppliers.
- Make competent employees available for confidential interviews at quality audits/ Incident Driven Inspections.

#### **What are the consequences of a breach of the Code of Conduct for Siemens Suppliers?**

- Should minor breaches be discovered or reported, for example no documented record of the person in your company responsible for legal compliance, a suitable and binding period for improvement will usually be put in place. In the context of the company-wide mandatory Supplier Management method, measures to correct the problem will be implemented and incorporated into the Supplier Development program.
- In the case of a significant breach, for example significant risks/dangers for employees are present which are not analyzed and eliminated, even when severe accidents take place, and if no measures are taken against the problem, or if measures are not sufficiently implemented within the agreed improvement period, the business relationship will be terminated.

# Contractual obligations

We consider the principles and requirements of the Code of Conduct for Siemens Suppliers to represent a minimum standard for sustainable supplier management. The Code of Conduct for Siemens Suppliers forms the basis for our business relationships and is therefore an integral component of our procurement contracts with our suppliers.

## Why is the contractual obligation so important?

Alongside Siemens' own obligation pursuant to the Siemens Business Conduct Guidelines with respect to the values of the Code of Conduct for Siemens Suppliers, the legal obligation of our suppliers to adhere to the principles of the Code of Conduct for Siemens Suppliers on signing the Corporate Responsibility clause in our procurement contracts is a key component of the Siemens Corporate Responsibility Program.

The supplier's contractual obligation not only defines the supplier's general obligation to adhere to the principles and requirements of the Code of Conduct for Siemens Suppliers but also enables Siemens to verify compliance with these principles and requirements. This also gives Siemens the right, in the case of material breaches of the Code of Conduct for Siemens Suppliers, to implement appropriate legal consequences, such as the right to terminate the contractual

relationship or an order after a reasonable grace period set to cure the breach has expired without success.

## Important extracts from the contractual obligation

By agreeing to the Corporate Responsibility clause, our suppliers undertake to fulfill the following obligations:

- Observe the Code of Conduct for Siemens Suppliers.
- Perform Corporate Responsibility self-assessments or alternatively submit an appropriate Corporate Responsibility report.
- Obtain permission for Siemens to verify compliance with the Code of Conduct for Siemens Suppliers.
- Accept our right of termination in the event of a material breach (such as corruption or child labor).







# Compliance HelpDesk

Siemens' goal is to become a benchmark in compliance and transparency. The introduction of the Siemens Compliance HelpDesk & Monitoring is an important step toward achieving this goal. Established in the summer of 2007, it comprises two services: "Tell us" and "Ask us."

Employees, managers, customers, suppliers and other business partners can contact the Compliance HelpDesk "Tell us" service in confidence if they have observed or have been informed of any illegal conduct or violations of the Business Conduct Guidelines at Siemens. The "Tell us" call center and web site are managed by an external service provider specializing in the secure, confidential handling of sensitive issues. Around the clock, seven days a week, reports can be submitted from anywhere in the world in up to 150 languages: online or by telephone.

Our top priority is to ensure that information submitted to the Compliance HelpDesk is treated in a responsible manner. The service provider refers reports to the Siemens Corporate Compliance Organization for clarification, where a decision is made on how to proceed. All reports are treated confidentially.

The Compliance HelpDesk "Tell us" service is not a substitute for the ombudsman, but represents an additional point of contact where concerns can be reported. Contacts at headquarters and in the Sectors and Clusters continue to be available. So employees have a choice, and the new hotline provides them with an additional point of contact.

"Ask us" is the second service provided by the Compliance HelpDesk. It enables employees to direct their compliance-related questions to the central Compliance HelpDesk 24 hours a day. In contrast to the "Tell us" service, "Ask us" has a preventive purpose.

The central Compliance HelpDesk team works with the Sector, Division and Regional Compliance Officers and other experts to provide answers to questions. These answers are then subjected to a quality check and forwarded to the employee via the Compliance Legal Team. The Compliance HelpDesk aims to answer all questions as quickly as possible.



You can find further information at:  
[www.siemens.com/compliance](http://www.siemens.com/compliance)





Siemens is pursuing an innovative strategy with the “Ask us” service of the Compliance HelpDesk. It will pool knowledge on the issue of compliance.





## Code of Conduct for Siemens Suppliers

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

The supplier declares herewith:

- **Legal compliance**
  - to comply with the laws of the applicable legal system(s).
- **Prohibition of corruption and bribery**
  - to tolerate no form of and not to engage in any form of corruption or bribery, including any payment or other form of benefit conferred on any government official for the purpose of influencing decision making in violation of law.
- **Respect for the basic human rights of employees**
  - to promote equal opportunities for and treatment of its employees irrespective of skin color, race, nationality, social background, disabilities, sexual orientation, political or religious conviction, sex or age;
  - to respect the personal dignity, privacy and rights of each individual;
  - to refuse to employ or make anyone work against his will;
  - to refuse to tolerate any unacceptable treatment of employees, such as mental cruelty, sexual harassment or discrimination;
  - to prohibit behavior including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative;
  - to provide fair remuneration and to guarantee the applicable national statutory minimum wage;
  - to comply with the maximum number of working hours laid down in the applicable laws;
  - to recognize, as far as legally possible, the right of free association of employees and to neither favor nor discriminate against members of employee organizations or trade unions.
- **Prohibition of child labor**
  - to employ no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, to employ no workers under the age of 14.
- **Health and safety of employees**
  - to take responsibility for the health and safety of its employees;
  - to control hazards and take the best reasonably possible precautionary measures against accidents and occupational diseases;
  - to provide training and ensure that employees are educated in health and safety issues;
  - to set up or use a reasonable occupational health & safety management system<sup>1)</sup>.
- **Environmental protection**
  - to act in accordance with the applicable statutory and international standards regarding environmental protection;
  - to minimize environmental pollution and make continuous improvements in environmental protection;
  - to set up or use a reasonable environmental management system<sup>1)</sup>.
- **Supply chain**
  - to use reasonable efforts to promote among its suppliers compliance with this Code of Conduct;
  - to comply with the principles of non discrimination with regard to supplier selection and treatment.

<sup>1)</sup> For further information see [www.siemens.com/procurement/cr/code-of-conduct](http://www.siemens.com/procurement/cr/code-of-conduct)

# SIEMENS

## **Additional Provisions:**

### **Compliance Assessment**

If requested by Siemens, supplier shall not more than once a year either – at its option – provide Siemens with (i) a written self-assessment in the form provided by Siemens, or (ii) a written report approved by Siemens describing the actions taken or to be taken by supplier to assure compliance with the Code of Conduct.

### **Compliance Verifications**

Siemens and its authorized agents and representatives and/or a third party appointed by Siemens and reasonably acceptable to supplier, shall be entitled (but not obliged) to conduct - also at suppliers' premises - inspections, in order to verify suppliers' compliance with the Code of Conduct. Any inspection may only be conducted upon prior written notice of Siemens, during regular business hours, in accordance with the applicable data protection law and shall neither unreasonably interfere with suppliers' business activities nor violate any of suppliers' confidentiality agreements with third parties. Supplier shall reasonably cooperate in any inspections conducted. Each party shall bear its expenses in connection with such inspection.

### **Order/Contract Termination.**

In addition to any other rights and remedies Siemens may have, in the event of (i) supplier's material or repeated failure to comply with the Code of Conduct or (ii) supplier's denial of Siemens' right of inspection as provided for in the these Code of Conduct provisions, after providing supplier reasonable notice and a reasonable opportunity to remedy, Siemens may terminate this agreement and/or any purchase order issued hereunder without any liability whatsoever. 'Material failures' include, but are not limited to, incidents of child labor, corruption and bribery, and failure to comply with the Code of Conduct's environmental protection requirements. The notice and opportunity to remedy provision shall not apply to violations of requirements and principles regarding of the child labor as set out in the Code of Conduct or willful failures to comply with the Code of Conduct's environmental protection requirements.

Published by:  
Siemens AG  
Corporate Supply Chain and Procurement  
St.-Martin-Straße 76  
81541 München  
Germany

Telephone: +49 (89) 636-00  
e-Mail: [global-procurement.csp@siemens.com](mailto:global-procurement.csp@siemens.com)

Issue:  
Version 1.0, September 2008

Design:  
Wittsiepe + Kussmaul OHG  
Thierschstr. 11-15  
80538 München  
Germany

Right of Use:  
The rights for pictures used reserved  
by Siemens.  
Pictures by courtesy of UNICEF.

All rights, also that of translation,  
reprint and copy or parts thereof are  
reserved. No part of this work may be  
duplicated, reproduced, processed,  
distributed or published in any form  
(photocopy, CD-ROM, electronically,  
etc.) without the written consent of CSP.  
Changes to graphics must be approved.

This document will not be recalled in the  
event of any alterations. References to  
persons or groups imply both genders.

Order-No.: L7-Z705-x-7600

Copyright:  
© Siemens AG

Siemens AG  
Corporate Supply Chain and Procurement  
St.-Martin-Straße 76  
81541 München  
Germany

<http://www.siemens.com/procurement>  
Version 1.0, September 2008