

A group of diverse children are gathered around a large globe, touching it with their hands. The globe is painted with green continents on a white background. The children are smiling and appear to be in a classroom or educational setting. The background is a light-colored wooden wall.

Siemens – Fulfilling our responsibility

Sustainability Report 2009

www.siemens.com

SIEMENS

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Reporting method

Reporting approach Our Sustainability Report 2009 describes the strategy, organization, initiatives and goals for ensuring sustainability at Siemens. It not only continues and supplements last year's Sustainability Report, but also serves as our annual progress report on implementing the United Nations Global Compact's ten principles. Our Report is oriented to the recommendations of the Global Compact and Transparency International regarding anticorruption reporting.

Review period and report boundaries This Report and its facts and figures are based on activities during Siemens' 2009 fiscal year (October 1, 2008 – September 30, 2009). Any exceptions are indicated as such. To provide an up-to-date picture of the company, we also include information about important developments in the current fiscal year up to the editorial deadline on April 15, 2010. In general, all of our fully consolidated companies are covered by the Report. Here as well, possible exceptions regarding the data are indicated and explained. Minority equity investments are fundamentally not included in our sustainability reporting.














Data collection Given Siemens' size and global spread, gathering data poses a major logistical challenge. Moreover, our companies throughout the world are required to comply with local regulations concerning the compilation and definition of performance figures, which means that the generated data is not always comparable. We're gradually rolling out information systems that enable us to include an ever larger number of locations in our reporting each year. Where applicable, we point out any significant limitations in the information presented in the Report. As a rule, no company-

wide standards exist for the information published in the Sustainability Report. This applies in particular to specific financial figures, including, for example, the revenue attributable to the Siemens Environmental Portfolio, R&D expenditures for ecofriendly technologies, and expenditures and investments in environmental protection. As a result, these figures may not be comparable with the data published under the same or similar designations by other companies. The data published in the Sustainability Report is subject to internal documentation and review requirements which, however, differ from the documentation and review requirements that apply to our financial reporting. We reserve the right to change our internal guidelines regarding the inclusion of data in the Sustainability Report without prior announcement.

External review For the first time we have had selected figures in our Report reviewed by the independent auditors PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft (PwC). The review certification can be found on page 128. All information regarding our Environmental Portfolio has been checked since 2007 by PwC. For such limited assurance business reviews which provide a limited degree of certainty, the review procedures are not as extensive as for a year-end review, such as for our financial reporting. The key figures for fiscal 2009 that were audited and verified by PwC are indicated by the  symbol.

Editorial notice All references to tons in the Sustainability Report refer to metric tons. Our Sustainability Report 2010 is scheduled for publication in early 2011.

Key figures at a glance

Business	FY 2008	FY 2009	
New orders ¹ (in millions of euros)	93,495	78,991	↓
Revenue ¹ (in millions of euros)	77,327	76,651	↓
Profit ¹ (in millions of euros)	1,859	2,457	↑
 Investments in research and development (in millions of euros)	3,784	3,900	↑
 Compliance employees worldwide	621 ²	598	↓
 Total participants in online and face-to-face training courses (in thousands)	175	219	↑
Environment			
 Revenue from the Siemens Environmental Portfolio (in billions of euros)	21	23	↑
Percentage of total revenue generated by the Siemens Environmental Portfolio	27	30	↑
 Annual reduction of greenhouse gas emissions at customers' locations attributable to products and solutions from the Siemens Environmental Portfolio (in millions of tons)	158	210	↑
Improvement in resource efficiency:			
 Primary energy and district heating (in percent)	21	25	↑
 Electrical energy (in percent)	7	13	↑
 CO ₂ emissions, energy (in percent)	9	17	↑
 Water (in percent)	21	29	↑
 Waste (in percent)	4	12	↑
Employees and society			
Employees ³ (in thousands)	427	405	↓
Female employees (as percentage of total workforce)	26	25	↓
Women in management (as percentage of total managerial workforce)	13.4	13.6	↑
Female new hires (as percentage of total new hires)	31	34	↑
 Expenditures for continuing education per employee (in euros) ^{4,5}	582	562	↓
 Employee fluctuation rate	13.6	17.4	↑
 Donations (in millions of euros)	30.2	30.6	↑

1 Continuing operations

2 Includes employees involved in Compliance Program rollouts

3 Continuing operations; excluding temporary student employees and employees in training programs, on September 30 of the respective year

4 All figures are computed average values

5 Excluding travel expenses as of fiscal 2008

Ladies and gentlemen,

“Sustainability” these days is a buzzword used in many different contexts with many different connotations. But what does it mean for a multinational company? We at Siemens don’t just talk about sustainability. We’ve made the three areas of sustainable development – environment, business and society – the cornerstone of all our activities. In the area of environment, we’re providing innovative products and solutions to improve both our own ecobalance and those of our customers and suppliers. In the area of business, we’re focusing on long-term value creation. And in the area of society, we’re fostering our own employees and striving to be good citizens in all the communities in which we are active. Although decisions in these areas are not always free of conflicting interests, we aim to make them transparent and to find the best solutions possible. The responsible use of natural resources, targeted investments in future-oriented technologies that support profitable growth while offering customers competitive advantages, and a company ethic that goes beyond mere compliance with the law and places integrity at the center of business operations – these are the factors enabling us to drive sustainable development and to lay the basis for our company’s successful future.

As our history shows, our understanding of sustainability is closely linked to our company values – responsible, excellent, innovative. From the very first, Werner von Siemens insisted that his company fulfill its responsibilities to its employees, to society and to nature. To achieve excellence, to capture leading positions in the markets of tomorrow, to develop innovative technologies that help ensure the future viability of modern civilization – this has always been our vision and our challenge.

Sustainable development creates business opportunities

We're rigorously leveraging the business opportunities created by sustainable development. Our Environmental Portfolio clearly demonstrates what we've achieved so far: €23 billion in revenue in fiscal 2009 and 210 million tons in CO₂ reductions for our customers – these figures speak for themselves.

We're fully committed to promoting the principles of the UN Global Compact. For us, the support and fostering of human rights, employee rights, environmental protection and the uncompromising fight against corruption are both an opportunity and an obligation.

*Peter Löscher,
President and CEO of Siemens AG*

That sustainability is our top priority is also reflected in our company organization: our Sustainability Board, headed by Chief Sustainability Officer and member of the Managing Board Barbara Kux, provides guidance on all sustainability-related issues company-wide. Supported by our Sustainability Office and in cooperation with our newly established Siemens Sustainability Advisory Board, the Sustainability Board concerns itself with sustainability strategy, our related Sustainability Program and the monitoring of our sustainability-related performance. We've defined three concrete strategic focuses. First, to further develop and expand our Environmental Portfolio company-wide. Second, to optimize our climate balance and introduce sustainability metrics for all relevant Siemens businesses. And third, to intensify dialogue with our stakeholders.

In fiscal 2009, we also assigned authority to issue company-wide guidelines in the areas of environmental protection, health management and safety to a dedicated organization headed by Labor Director and Managing Board member Siegfried Russwurm – a step that will also enable us to better manage this key aspect of sustainability.



Our commitment to the UN Global Compact

As a multinational company, we're aware that – due to our innovative strengths and the power of our investments – we have a major responsibility for sustainable development. Our participation in the UN Global Compact testifies to this awareness. This publication is a progress report based on the principles of the Global Compact and the UN CEO Water Mandate. In the future, we'll continue to report in this form.

What we've achieved

As you can see in this Report, we made substantial progress in a number of areas in fiscal 2009. Internal employee surveys and our top rankings in major industry indices show that our stakeholders have also drawn this conclusion. The Carbon Disclosure Project (CDP) has placed us once again on the Carbon Disclosure Leadership Index of the world's top 50 companies. In fiscal 2009, we captured first place in the "Diversified Industrials" category of the prestigious SAM Dow Jones Sustainability Index (DJSI World). Our supply chain sustainability management program has also received recognition: We received the highest ranking in our industry in the "Standards for Suppliers" category.

The next steps

To achieve our goals of profitable growth and long-term value creation, we must ensure that all our activities are sustainable. And that means not only developing innovative products and solutions tailored to individual customer needs and requirements, but also implementing a culture of integrity that goes beyond mere compliance with laws and regulations. Industrial environmental protection, product responsibility, responsible and diversity-oriented personnel management, occupational health and safety management, the commitment of suppliers to our own high standards, corporate citizenship – in all these areas we're redoubling our efforts to increase sustainability and make the world a better place in which to live. To you, our stakeholders, we'll regularly report on our progress. Accompany us on our journey into the future – with your ideas and your criticism.

Peter Löscher
President and CEO
of Siemens AG

Barbara Kux
Member of the Managing Board of Siemens AG
and Chief Sustainability Officer



Offshore wind farms are increasingly important. We're currently a world leader in wind power technology and aim to build an even stronger position in this dynamic field.

Profile

For more than 160 years, the name Siemens has been synonymous with technological excellence, innovation, quality, reliability and internationality. By bundling our business in the Industry, Energy and Healthcare Sectors, we've laid the foundations for sustained and profitable growth.



Activities

In 2009, the global economy experienced its worst recession in 80 years, with the global gross domestic product contracting for the first time ever in the postwar era. In spite of this crisis, Siemens was highly successful during the past twelve months, compared with many other companies. This shows that we clearly have an outstanding lineup with our three Sectors: They give us the resilience to withstand crises and the strength to play a leading role in tomorrow's growth markets.

Our company

Siemens is a global powerhouse in electronics and electrical engineering. It comprises Siemens AG, headquartered in Berlin and Munich, as the parent company and approximately 1,300 companies, including minority-stake equity investments. The company is active in the Industry, Energy and Healthcare Sectors. Compared to other international companies, Siemens is currently one of the largest vendors of ecofriendly and energy-efficient technologies.

In fiscal 2009 (October 1, 2008 to September 30, 2009), Siemens reported €76.7 billion in revenue and a net profit of €2.5 billion. Eighty-nine percent of the Siemens shares are held independently, while the remaining 11 percent are owned by the Siemens family (around 6 percent) and the company. At September 30, 2009, the company had 405,000 employees in around 190 countries – men and women of different races and diverse ethnic, cultural, religious and societal backgrounds.

In spite of the difficult overall business environment, Siemens performed well in fiscal 2009.

Company structure

Our business activities are organized in the three Sectors Industry, Energy and Healthcare. In fiscal 2009, our business also included, among others, the equity investments Nokia Siemens Networks B.V. as well as BSH Bosch und Siemens Hausgeräte GmbH. Our portfolio was rounded out with the two Cross-Sector Businesses, Siemens IT Solutions and Services and Siemens Financial Services, and the Cross-Sector service provider Siemens Real Estate.

With our acquisition of solar-thermal specialist Solel Solar Systems Ltd., we've firmly established ourselves in the rapidly expanding solar-thermal power market.



Changes in the portfolio

We're continually strengthening our core business to safeguard future growth. For example, our acquisition of Solel Solar Systems at the beginning of fiscal 2010 has made us a technology leader in solar-thermal power and increased our real net output ratio for solar-thermal power plants to over 70 percent. With this move, we expect Siemens to optimally profit from the strongly growing solar-thermal market and reinforce its position as a green pioneer.

We're already a leading player in smart grids and are building up an even stronger position in this field.

Intelligent power networks are crucial for integrating renewable energy technologies. We're already a world-leading vendor of smart grid technology and are steadily expanding our position in this field. As part of this strategy, at the beginning of fiscal 2010 we acquired Energy4U, a company specialized in developing smart grid solutions for power utilities.

When a business fails to achieve a leading market or technology position and we see no way of redressing the situation with reasonable efforts, our policy is to pass it on to others in whose hands it can better develop. This is why we withdrew from our joint venture Fujitsu Siemens Computers (FSC) and, to a large extent, from the telecommunications business.

You can find further information on acquisitions, dispositions and discontinued operations in the Siemens Annual Report 2009, Book II, page 139 ff.

Further information online

Management and corporate structure at: www.siemens.com/sr/corporate-structure

Our Sectors' business activities at: www.siemens.com/sr/mda

Overview of Siemens share ownership at: www.siemens.com/sr/subsidiaries-associated-companies

We understand the challenges facing global industry. To master them, we're working closely with our partners and setting technology trends in the process. We promise our customers greater energy efficiency, productivity and flexibility – which is especially important in tough economic times.

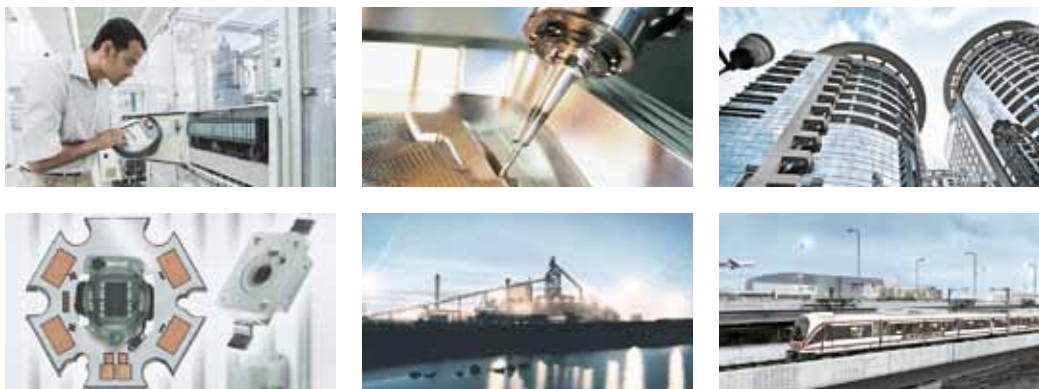
Heinrich Hiesinger,
Member of the Managing Board of Siemens AG and Industry Sector CEO

Industry Our Industry Sector is one of the world's leading suppliers of manufacturing, transportation, building and lighting systems. Our technologies are helping industry and infrastructure customers to compete more effectively and reduce their environmental footprint by optimizing their productivity, efficiency and flexibility.

Industry Automation Speed, flexibility and efficiency: We offer our customers across all industries a comprehensive portfolio of manufacturing and processing automation as well as industry software. Our products, systems and solutions, together with our integrated energy management, have enormous potential to save energy for our customers. www.siemens.com/sr/industry-automation

Drive Technologies Productivity, energy efficiency and reliability are our customers' key requirements. And as the world's No. 1 supplier of products, complete systems, applications and services for complete power trains and for all industry segments, we have the solutions they need. www.siemens.com/sr/drive-technologies

Building Technologies We're the preferred partner when it comes to maximizing energy efficiency in buildings and optimally protecting people and infrastructures. Our portfolio comprises products, solutions and services for building automation, fire safety, security and power distribution. www.siemens.com/sr/building-technologies



With our innovative products and solutions, we effectively address the challenges faced by industry worldwide and set technology trends.

	FY 2008	FY 2009
Employees (at Sept. 30)	220,000	207,000
External revenue (in billions of euros)	36.526	33.915
Share of total revenue (in percent)	47.24	44.25

OSRAM As world-class partners for everything to do with light, we offer customers energy-saving lighting solutions for all areas of modern life. Our extensive portfolio includes not only lamps and optoelectronic semiconductor light sources such as light-emitting diodes (LEDs), LED systems and LED luminaires, but electronic control gear and light management systems as well.

www.siemens.com/sr/osram

Industry Solutions Industry Solutions provides solutions and services for industrial and infrastructure facilities. Throughout the entire lifecycle, we help our customers boost their competitiveness and support them with ecofriendly solutions to improve energy efficiency, reduce emissions and manage water.

www.siemens.com/sr/industry-solutions

Mobility By networking transportation systems more effectively, our integrated solutions for intermodal transport, traffic management, postal automation and airport logistics are making the movement of people and goods more efficient and environmentally compatible.

www.siemens.com/sr/mobility

With its comprehensive portfolio, the Energy Sector is optimally positioned to meet the requirements for sustainable power supplies. First, an optimized energy mix, which in particular means more renewable energy. Second, increased efficiency along the entire energy conversion chain. And third, an intelligent power network infrastructure, or smart grid.

Wolfgang Dehen,
Member of the Managing Board of Siemens AG and Energy Sector CEO

Energy Our Energy Sector is one of the world's leading providers of a wide range of products, solutions and services for the power industry. We provide the technologies our customers need for generating, transmitting and distributing power and for producing, converting and transporting the primary fuels oil and gas. We're the only supplier worldwide with products and core components, plus comprehensive knowhow along the entire energy conversion chain. This primacy is underscored by our outstanding solutions expertise, particularly in the area of plant-to-grid connections and other key energy interfaces.

Fossil Power Generation Our innovative technologies generate more electricity from less fuel. We boost the efficiency of coal- and gas-fired power generation and provide technologies for low-carbon fossil power generation. www.siemens.com/sr/power-transmission

Renewable Energy We're steadily expanding our position in the dynamic renewables market – with innovative wind turbines that rank among the most reliable in the world, with major photovoltaic projects and with the most advanced technologies for solar-thermal power plants. www.siemens.com/sr/renewable-energy

Oil & Gas We offer our customers in the oil and gas industry, the processing industry and the power industry an extensive portfolio of products and solutions for everything from ecofriendly and resource-efficient oil and gas production to energy-efficient power generation. www.siemens.com/sr/oil-and-gas



	FY 2008	FY 2009
Employees (at Sept. 30)	83,000	85,000
External revenue (in billions of euros)	22.191	25.405
Share of total revenue (in percent)	28.70	33.14

Energy Service Our broad spectrum of innovative products and services ensures plant reliability, improved efficiency and optimal environmental performance for our customers' operations in the oil and gas, industrial processing and power generation industries, enabling them to gain the maximum benefit from their investments. www.siemens.com/sr/energy-service

Power Transmission Leveraging our innovative strengths in low-loss power transmission, reliable switchgear, high-performance transformers and advanced power transmission systems, we enable customers to transport electricity – including green electricity from offshore wind farms – safely and efficiently. www.siemens.com/sr/power-transmission

Power Distribution Our smart grid technologies increase energy system efficiency – a crucial factor in sustainable energy management. We offer our customers innovative medium-voltage components and systems, efficient solutions for energy automation, and services for electrical systems and networks. www.siemens.com/sr/power-distribution

Demographic change poses massive challenges for the world's healthcare systems. Our innovative technologies enable healthcare professionals to detect illnesses early on, improve the accuracy of their diagnoses and provide patients with optimal and affordable treatment from the outset.

*Hermann Requardt,
Member of the Managing Board of Siemens AG and Healthcare Sector CEO*

Healthcare Our Healthcare Sector is one of the world's largest providers to the healthcare industry. We're specialists in healthcare solutions, with core competencies and innovative strengths in diagnostic systems, therapeutic technologies and knowledge processing – including information technology and system integration. Our acquisitions in the field of laboratory diagnostics have made us the first integrated healthcare company to combine imaging systems, laboratory diagnostics, treatment solutions and healthcare IT – rounded off by consulting and services. We offer single-source solutions for the entire healthcare continuum – from prevention and early detection to diagnosis, treatment and follow-up care.



We offer healthcare providers single-source solutions that combine the latest lab diagnostics with imaging methods and specialized information technology.

	FY 2008	FY 2009
Employees (at Sept. 30)	49,000	48,000
External revenue (in billions of euros)	11.116	11.864
Share of total revenue (in percent)	14.38	15.48

Imaging & IT Our innovative imaging systems are routinely used in hospitals and doctors' offices, where they support physicians in early disease detection, reliable diagnosis, effective treatment and patient-friendly follow-up. The imaging systems are designed to require little power, reducing the burden on patients and improving energy efficiency. And our advanced IT solutions optimize customer workflow, cutting costs in the process. www.siemens.com/sr/imaging-and-IT

Workflow & Solutions Our mission is to accelerate the accurate diagnosis of the most common diseases and establish new worldwide standards of care for their treatment. We leverage our broad portfolio of products and services to create integrated solutions that increase the clinical and economic value of the individual offerings of the Healthcare Sector. Reflecting the local focus of healthcare delivery, we tailor these solutions to customers' needs on the ground. www.siemens.com/sr/workflow-and-solutions

Diagnostics Our mission is to enable physicians to detect diseases early on and to manage patient conditions and monitor medical therapies effectively. This way we help to improve patient care and lower treatment costs. www.siemens.com/sr/diagnostics

Equity Investments Our Equity Investments essentially comprise equity stakes held by Siemens that are accounted for by the equity method or at cost, and current available-for-sale financial assets that are not allocated to a Sector or Cross-Sector Business for strategic reasons.

Nokia Siemens Networks (NSN) NSN is a leading global enabler of telecommunications services. With its focus on innovation and sustainability, NSN provides a complete portfolio of mobile, fixed and converged network technology as well as professional services. NSN is committed to increasing the efficiency of its GSM/EDGE and WCDMA/HSPA base stations 40 percent by 2012 compared to the base year 2007. www.siemens.com/sr/nsn

BSH Bosch und Siemens Hausgeräte GmbH (BSH) As the world's third-largest maker of household appliances, BSH develops and manufactures highly innovative and exceptionally energy-efficient products that help to preserve natural resources and give the company a unique advantage over international competitors. For BSH, sound business and ecological responsibility go hand-in-hand. www.siemens.com/sr/bsh

Cross-Sector Businesses These comprise Siemens IT Solutions and Services, which specializes in IT solutions spanning the entire IT services chain, and Siemens Financial Services, our specialist provider of business-to-business financial solutions.

Siemens IT Solutions and Services Our IT solutions and services help customers in both the public and private sectors to create value through information technology. Our "IT for Sustainability" approach offers a comprehensive range of products and services designed to improve sustainability performance. And with our end-to-end solution strategy, data centers can reduce their power consumption by more than 30 percent. We also leverage the potential of IT solutions to achieve greater energy efficiency. www.siemens.com/sr/it-solutions

Siemens Financial Services As a non-bank financing provider, we supply Siemens and business-to-business customers worldwide with capital for infrastructure, equipment and operations, as well as with services. Our knowhow in key Siemens markets and related industries makes us an expert manager of financial risks within Siemens and a preferred financing partner for innovative technologies and sustainable infrastructures. www.siemens.com/sr/finance

Cross-Sector Services Our Cross-Sector Services include Siemens Real Estate, which is responsible for our office and commercial real estate activities.

Siemens Real Estate We're responsible for all of Siemens' real estate activities worldwide – managing our company's real estate portfolio, operating its real estate holdings and overseeing their utilization, providing real-estate-related services and implementing all construction projects Siemens-wide. We optimize the resource-use and energy efficiency of buildings with innovative strategies like our Green Building Initiative. www.siemens.com/sr/sre

Equity Investments

Cross-Sector Businesses

Cross-Sector Services



Equity Investments

(including Nokia Siemens Networks, BSH Bosch und Siemens Hausgeräte GmbH)

	FY 2008	FY 2009
Income (in millions of euros)	95	(1,851)

Siemens IT Solutions and Services

	FY 2008	FY 2009
Employees (at Sept. 30)	41,000	35,000
External revenue (in billions of euros)	3.845	3.580
Share of total revenue (in percent)	4.97	4.67

Siemens Financial Services

	FY 2008	FY 2009
Employees (at Sept. 30)	1,900	1,900
Income before income taxes (in millions of euros)	286	304
Total assets (in millions of euros) (at Sept. 30)	11,328	11,704

Siemens Real Estate

	FY 2008	FY 2009
Employees (at Sept. 30)	2,200	2,400
External revenue (in billions of euros)	1.665	1.763
Income before income taxes (in millions of euros)	356	341



Keeping future generations in mind: Managing our company responsibly means successfully bringing the needs of the economy, the environment and society in balance.

Sustainability at Siemens

Our vision is to be the pioneer in energy efficiency, industrial productivity, affordable and personalized healthcare, and intelligent infrastructure solutions on the basis of our portfolio of innovative products and solutions. As an integrated technology company, sustainable business offers us unique growth potential which we are rigorously leveraging with our green portfolio.

With the appointment of Barbara Kux as Chief Sustainability Officer last year and the Sustainability Board founded on her initiative, we created the necessary conditions for the consistent and company-wide implementation of our sustainability strategy.

A common understanding of sustainability can be developed only through intensive dialogue with our stakeholders. For this reason we cultivate regular exchanges with our partners and pursue numerous joint initiatives. The newly founded Siemens Sustainability Advisory Board is an important vehicle for productive discussions with internationally prominent representatives of the political, scientific and business communities.



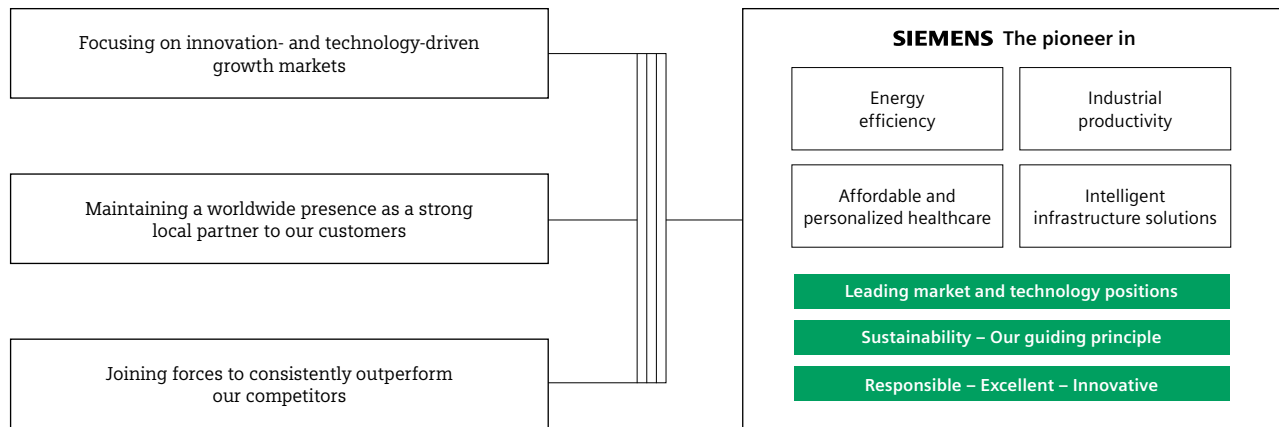
Strategy

The worldwide financial crisis continued to shape the business environment during the past year. Thanks to our focused strategic orientation and our competitive strength, we successfully weathered the wider economic storm. As a pioneer, we're providing innovative products and solutions to answer the urgent questions and challenges of our time – throughout the world.

Solutions to enormous challenges

The global financial and economic crisis posed huge challenges for governments and companies around the world – challenges that demand convincing answers and long-term solutions. By adhering to our values and by focusing our strategy on the longer term, we succeeded in coming through 2009 in better shape than our competitors. The crisis didn't catch us unprepared. On the contrary, we'd done our homework and introduced timely measures that are now enabling us not only to get through this difficult period but also to emerge from it even stronger than before. We began identifying market-specific forward-looking trends and drawing the strategic consequences early on. In recent years, we began rigorously gearing our portfolio to four megatrends: demographic change, urbanization, climate change and globalization. These trends are already influencing the way we live today, and their impact will increase substantially in the decades to come. By bundling our business activities into the three Sectors Industry, Energy and Healthcare, we also set the stage for capturing leading positions in attractive growth markets.

To ensure our competitiveness, we launched programs to boost the efficiency of our administrative, sales and procurement processes. By the end of fiscal 2009, our worldwide program to reduce our sales, general and administrative costs had achieved our goal of saving €1.2 billion compared to fiscal 2007. We also consolidated our purchasing activities in a centrally managed procurement organization and pared back the number of suppliers by 15 percent. Importantly, we continue to collaborate closely with our suppliers on sustainability issues.



As a pioneer of our time, we're providing answers to today's toughest questions with our innovative products and solutions.

Steering a clear course

Read more about our strategy at:

www.siemens.com/sr/strategy

However, we're not resting on our laurels. We want to continue our sustainable and profitable growth and outpace our competitors. To accomplish this, we've defined three key strategic factors that will enable us to remain on the growth track despite today's difficult business conditions: our outstanding qualities as an innovator, our broad-based international setup, and our ability to join forces to outperform competitors.

1. A focus on innovation- and technology-driven growth markets

As a pioneer of the 21st century, we're investing resources in pioneering projects and technologies that promote the well-being of people worldwide while minimizing environmental impact. For example, we're ensuring power supplies for future generations by increasing energy efficiency and spreading the use of renewable energies; we're boosting industrial productivity substantially with our innovative technologies; we're developing healthcare solutions that make high-quality individualized patient care available at affordable prices; and we're providing intelligent infrastructure solutions that are helping transform the world's metropolises into sustainable cities.

Climate protection and economic growth needn't be mutually exclusive. On the contrary, environmental technologies will become a major global economic driver in the years ahead, helping us to grow in the process. In fiscal 2009, our Environmental Portfolio earned us €23 billion – close to a third of our total revenue. Around 40 percent of the orders from government stimulus programs will be for energy-efficient and ecofriendly technologies.

One of the growth drivers is the renewable energy market. In addition to the market for wind turbines, the solar-thermal market will be a key focus for us and will play a central role in the landmark Desertec Industrial Initiative project. We're not only able to supply the power-generating installations, but are already pioneering low-loss power transmission over long distances on the scale needed to reach from Africa to Europe.

By 2050, electricity from solar-thermal power plants and wind farms in Africa and the Middle East – also using Siemens technologies – could cover 15–20 percent of Europe's power requirements. You can find out more about the Desertec Industrial Initiative at:

www.siemens.com/sr/DESERTEC

Other important pioneering fields that promise high growth are electric mobility, energy storage and smart grids. For each of these fields, we already have many of the solutions in our portfolio that will be needed tomorrow (see "A global tour" on page 39 and "Innovation" on page 64).

2. Worldwide presence – A strong local partner to our customers

We strive to maintain close relationships with customers and a strong local presence all over the world – in rural regions as well as in major cities like Rio de Janeiro, Moscow, Mumbai and Beijing. Market proximity and strong ties with customers can be cultivated only through an intensive and ongoing customer dialogue.

To ensure that we participate in the rapid growth in emerging countries, we launched the SMART initiative in 2008. SMART stands for Simple, Maintenance-friendly, Affordable, Reliable and Timely to market. Our SMART products – heart rate monitors for newborns in rural India, for example – are easy to operate and maintain, are inexpensive, robust and reliable, and are tailored specifically to the needs of customers in lower and middle market segments. And we specify, develop, produce and market them locally.

We aim to tap new markets with smart products. You can find out how in *Pictures of the Future*, our magazine for research and innovation:

www.siemens.com/sr/smart

3. Joining forces to outperform our competitors

Our goal is to gain and defend leading market positions worldwide in our businesses, and to achieve that we must simply be better than our competitors. And that not only applies to established competitors, but above all to firms in emerging countries that are moving into the international arena. We're working constantly toward that goal – by driving innovation, cooperating with strong partners, optimizing the efficiency of our supplier chain, and carefully tracking developments in our markets. Our employees play a key role here. Their commitment, ideas and perseverance have made our company what it is today. We want to give all our people the opportunity to develop themselves at our company. We evaluate them in accordance with uniform global standards, identifying and nurturing talented individuals early in their careers, in part through our Diversity Initiative (see the "Employees" chapter on page 90).

I won't sell the future
for a short-term profit.



Werner von Siemens (1816–1892),
entrepreneur, inventor and pioneer

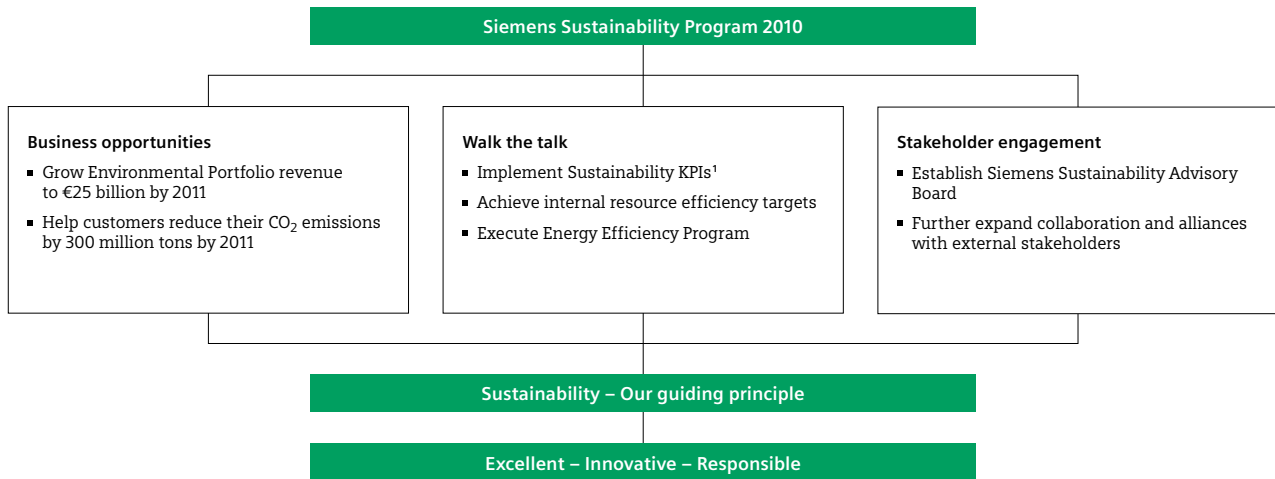
We are challenged

Climate change remains a major ongoing challenge. Government leaders, heads of state and delegates at the Climate Change Conference in Copenhagen unfortunately failed to negotiate a clearly defined, common course of action. In particular, multinational companies like Siemens are being called upon to act – and we will meet this challenge. How? For example, energy-efficient and ecofriendly technologies have the utmost priority for us, and we feel we have a twofold obligation: to reduce our own environmental footprint and to deliver innovative products and solutions that enable our customers to reduce their carbon footprint. We see sustainability as an opportunity to seize and fully develop. For us, sustainability also has important social dimensions, such as responsible interaction with our employees, also in times of crisis, or developing solutions for healthcare systems. Our innovative products and solutions make it possible to offer the best healthcare at affordable cost and tailored to the needs of individual patients. This is how we are answering the challenges of demographic change.

As a key principle, sustainability shapes our corporate strategy in the same way its operational form determines our Sustainability Program. Our current program has the following three strategically relevant core components:

- **Business opportunities** – Expanding our Environmental Portfolio: We've set a target of generating €25 billion in revenue from products and solutions in our Environmental Portfolio for fiscal 2011. We also want our products and solutions to reduce our customers' greenhouse gas emissions by 300 million tons by 2011. This is why we're advancing green innovations, constantly refining and advancing our Portfolio, and taking it out into our Regional Companies and entire sales organization (see "The Siemens Environmental Portfolio" on page 56).
- **Walk the talk** – Delivering on our commitments: Besides our energy and resource efficiency targets, we're introducing sustainability performance metrics in key areas and tracking their implementation. We're continuing to reduce our climate footprint through a variety of targeted initiatives, including our Energy Efficiency Program (EEP), which assesses and optimizes energy efficiency at more than 100 company locations (see "Environmental protection" on page 79 and "Suppliers" on page 97).

Strategic fields of the Siemens Sustainability Program 2010



¹ Key performance indicators

- **Stakeholder engagement** – Stepping up the exchange of ideas: We’ll continue to widen our dialogue with stakeholders and intensify collaboration with relevant organizations. Our recently established Siemens Sustainability Advisory Board gives us the support of a panel of leading experts to help us advance our sustainability strategy (see “Stakeholder engagement” on page 31).

In the course of fiscal 2010, we will further develop our Sustainability Program in close cooperation with our stakeholders and integrate it into our longer-term company programs.

Action and responsibility

Our strategic goal is sustainable, profitable growth. Integrity is central to that goal, both as a fundamental principle and as a contributing factor. Our approach to integrity is based on ethical commitment and transparency. Our actions are governed by binding guidelines based on clear moral foundations and framed in the ten principles of the UN Global Compact. We want our stakeholders to know and understand our principles. Should they evolve or change at any time due to external factors or internal decisions, we will communicate this clearly and unambiguously.

Our rigorous anti-corruption campaign reflects our perception of stringent and effective integrity management: an unequivocal policy on corruption defined by corporate management, and the uncompromising implementation of that policy throughout the company. Our Integrity Initiative also exemplifies the steps we’re taking outside the company to promote fair competition conditions around the world, for our own as well as society’s benefit (see “Compliance” on page 75).

The view from outside //

Prof. Jeffrey Sachs

THE ROLE OF THE PRIVATE SECTOR AND TECHNOLOGY AFTER COPENHAGEN

Statement by Prof. Jeffrey Sachs, Director of the Earth Institute at Columbia University and member of the Siemens Sustainability Advisory Board.

The key to limiting human-induced climate change is technology. Current rates of greenhouse gas emissions are unsustainable, and the rapid growth of the world economy in the coming years – especially in the emerging economies – means that the situation will worsen unless rapid economic growth can be accompanied by declining emissions. That will require a deep technological transformation, involving energy efficiency, low-carbon energy systems, and improved methods of farming.

When we reflect on the need for deep transformation, we should immediately recognize the indispensable role of the private sector. One of the great failures of climate policies to date has been the inadequate engagement of policy makers with technological leaders in the private sector. Success will require new public-private partnerships (PPPs), in which the public sector creates the economic environment conducive to deep and rapid technological change, while the private sector mobilizes vast stores of capital and engineering expertise to put the transformation into effect.

The exciting and somewhat ironic feature of our age is that the technological possibilities are already highly promising for supporting a low-emission world economy of prosperity and growth. I use the adjective “ironic” because far too much debate over our climate future – typically pitting extreme optimists against extreme pessimists – occurs without a sound public understanding of the range of scalable technologies, and the best methods to bridge the gap between pre-commercial technological concepts and their eventual large-scale deployment.



Prof. Jeffrey Sachs, member of the Siemens Sustainability Advisory Board

It's not hard to make a list of what might be in store. Renewable energy sources – solar, wind, geothermal – are auspicious, as are new storage methods to overcome the intermittency of these sources. Carbon Capture and Sequestration (CCS), both at major industrial facilities and perhaps directly from the air (“direct air capture”), can possibly play a significant role. Electric vehicles charged on clean power grids can eliminate a huge and rapidly growing source of emissions. Green buildings using new designs and materials can dramatically lower the demand for energy in residential and commercial structures. And this is of course just a partial list of what ingenious engineering has put forward among our options, and what future R&D, demonstration projects, and proper economic incentives can bring to market.

The Copenhagen climate process blundered by remaining largely a debate among abstractions, focused on legalisms and targets unhappily disconnected from real technological possibilities and timetables. As we look forward to the next global gathering in Cancun, Mexico, later in 2010, it's time to ensure that the forward-looking private sector is at the table. By joining forces of government, the private sector and civil society, the world community can forge practical, timely, and promising pathways to sustainability and shared prosperity.

Organization

Efficient sustainability management requires clear structures and a consistent integration of the sustainability strategy in our company's organization. Here we have taken another important step at Siemens with the appointment of Managing Board member Barbara Kux as Chief Sustainability Officer. The Sustainability Office ensures that our sustainability activities are closely interconnected with the operating units. In addition, we have bundled and realigned the areas of environmental protection, health management and safety at the Managing Board level under Chief Human Resources Officer, Siegfried Russwurm.

In the future, we intend to make more vigorous use of the opportunities that sustainable management offers our company to expand our business activities. To achieve this, we have adapted our organizational structure to the new requirements.

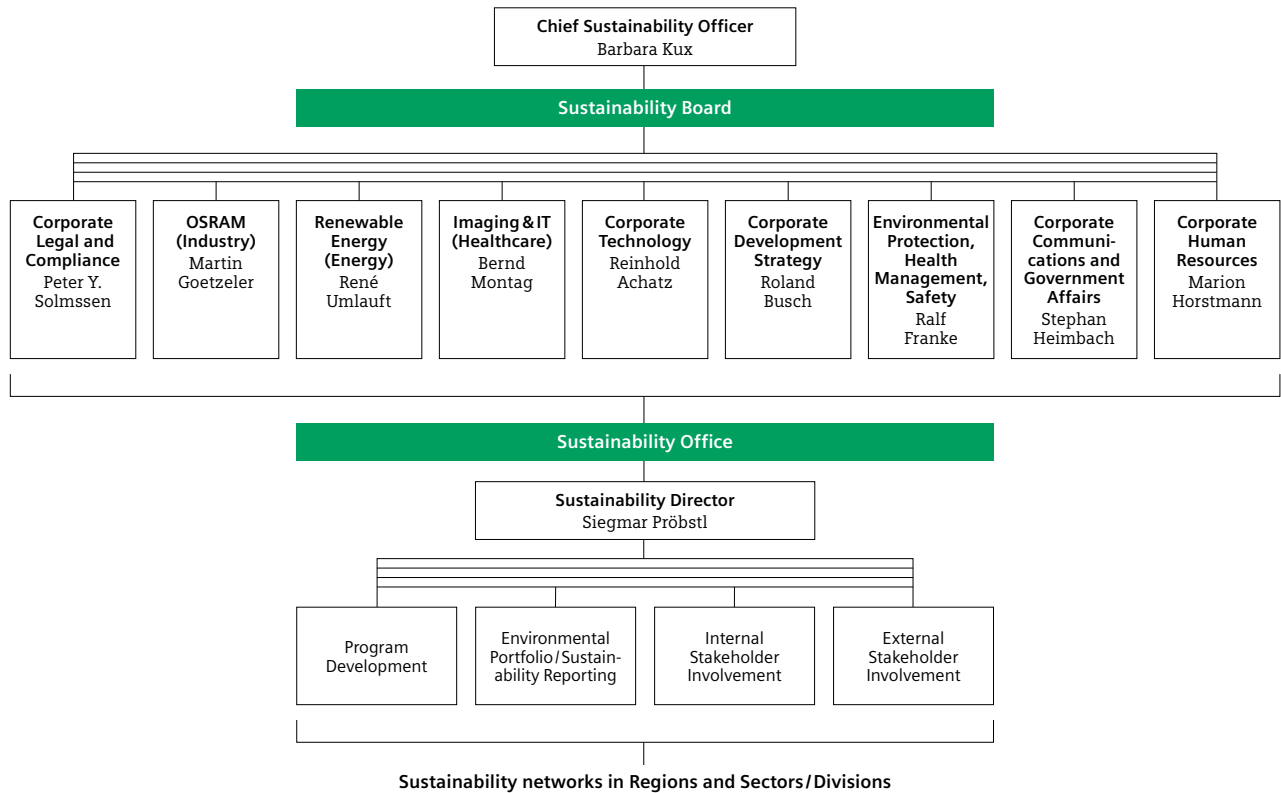
Siemens Sustainability Board

The Sustainability Board, chaired by Barbara Kux, is the central steering committee for sustainability at Siemens. The members of the Sustainability Board decide on the ongoing development of our sustainability strategy and adopt the appropriate measures and initiatives. They also coordinate the company's sustainability activities across Sectors and functions, and promote the implementation of these activities in their own specialist functions.

Sustainability is a top priority for Siemens, and this is reflected in our company's organizational structure.

The Sustainability Board includes one Division CEO from each of our three Sectors: Industry, Energy and Healthcare. In addition, the heads of all corporate departments responsible for sustainability-relevant themes – Corporate Legal and Compliance (represented by Managing Board member Peter Y. Solmssen); Corporate Development Strategy; Corporate Technology; Environmental Protection, Health Management, Safety; Corporate Communications and Government Affairs; and Corporate Human Resources – are also on the Board.

Sustainability organization at Siemens



Sustainability Office

The Sustainability Office coordinates the implementation of the Sustainability Program.

The Sustainability Office develops the Siemens sustainability strategy and corresponding programs under the direction of the Chief Sustainability Officer. It also advises the Managing Board and Sustainability Board regarding sustainability issues, and is responsible for implementing strategies and coordinating company-wide programs and measures. This is done in close contact and communication with the managers responsible for the individual corporate functions, Sectors, Divisions and Regional Companies. The key performance indicators are determined and defined in a collaborative effort.

The Sustainability Office systematically monitors whether and to what extent the goals formulated in the Sustainability Program are being attained. Its duties also include coordinating the Sustainability Report, containing information relevant to all stakeholder groups. In an ongoing dialogue with internal and external stakeholders, the Sustainability Office ascertains their expectations of the company, evaluates them and incorporates them in the development of the strategy (see chapter on “Materiality” on page 32). The Sustainability Board and Sustainability Office are supported by the newly established Siemens Sustainability Advisory Board.

Siemens Sustainability Advisory Board

As part of our efforts to promote an ongoing dialogue with experts throughout the world, we've established a new body called the Siemens Sustainability Advisory Board. Composed of ten leading figures in science and industry from a range of disciplines and different parts of the world, the Board was formed with the goal of helping Siemens become a leader in sustainability.

The complementary backgrounds of Board members from the scientific community, such as Prof. Jeffrey Sachs, Director of the Earth Institute of Columbia University, and from the business community, such as Jamshed Irani, member of the Board of Directors of Tata Sons, make possible valuable interaction from various external perspectives. In addition to the professional exchanges, Board meetings are held at least four times a year to focus on concrete initiatives. Among its activities, the Board accompanies and drives selected lighthouse solutions in various business fields that have a clear focus on innovative sustainable solutions.

Through these professional exchanges and concrete initiatives, the Board makes valuable contributions to the further development of our company's Sustainability Program.

EHS organization

In August 2009, Siemens consolidated company-wide EHS governance into the Environmental Protection, Health Management and Safety department. At the Managing Board level, these combined EHS issues are handled by Siegfried Russwurm, our Chief Human Resources Officer and Labor Director.

Environmental protection, health management and safety are integral components of our corporate culture. Optimally managing and continually improving them is the responsibility of our EHS organization.

Now that these functions are consolidated under one roof, the wide-ranging technical expertise available worldwide can be bundled and synergies better exploited. Our goal is to develop and implement a single company-wide, transparent and integrated EHS management system (see also the chapters on "Environmental protection," "Product responsibility" and "Occupational health and safety management" on pages 76, 80 and 84).

Important steps taken toward this goal:

- In February 2009, we created the position of Medical Director to reflect the high value placed on health management in our company.
- In the fall of 2009, we published the EHS Principles, revised in the year under review, that provide a uniform, binding framework for the EHS management approach and the EHS organization at Siemens worldwide. On the basis of these principles, the EHS program under development will include clearly defined projects over a fixed time period. Its implementation will be binding for Divisions and Regional Companies worldwide.

The benefits for us are obvious: Sustainable production and ecofriendly product designs to protect the air, soil, water and climate are just as rewarding for the company's future as safe working conditions and concern for the health and well-being of our employees.

Environmental protection, health management and safety are central components of a corporate strategy aimed at sustainability and are an integral part of our business processes. In all three areas, Siemens is pursuing a global and proactive approach that is oriented to long-term development. We show our commitment through ecofriendly production and a comprehensive Environmental Portfolio, because ecology and economics are not conflicting principles. The same is true of our responsibility toward our employees. Siemens needs productive and motivated employees to prevail in global competition as an innovative market leader. That's why investments in the health and well-being of our employees and in environmental protection are always investments in the future of the company as well.

*Prof. Dr. Siegfried Russwurm,
Member of the Managing Board of Siemens AG and Labor Director*

Stakeholder engagement

The respect of our customers, business partners and investors, the trust of our employees, our acceptance by the general public, and our credibility in the eyes of policymakers, the scientific community, the media and society's institutions – all of these are core to our business success. Stakeholder engagement is thus an important component of our activities.

We communicate continually with numerous stakeholder groups, including our employees as well as external groups and individuals, such as customers, suppliers, investors, lobby groups, scientific organizations, policymakers and society in general. The diversity and complexity of these groups call for different forms of engagement and dialogue depending on the groups' respective concerns and locations, and the intensity of our relationships.

You can read more about our ongoing dialogue with stakeholders at:

www.siemens.com/sr/stakeholderdialogue

Stakeholder engagement aims first and foremost at ensuring that all our activities – from our memberships in international organizations to our grass-roots community engagement at company locations around the world – are anchored and bundled in the appropriate units.

As a result, our stakeholder relations are managed by the relevant departments at corporate level and their strategic implementation worldwide is largely the responsibility of our company units and Regional Companies, which maintain close contact with local stakeholder groups on a regular basis everywhere we operate worldwide.

We conduct our dialogue with policymakers and government offices primarily through our liaison offices in Berlin, Brussels and Washington D.C. and provide transparency regarding our interests and action areas. In Brussels, for example, they are listed in the European Commission's voluntary Register of Interest Representatives. We also fully disclose these activities in Washington.

We make our activities in Brussels and Washington transparent at:

www.siemens.com/sr/eu-register

www.siemens.com/sr/lobbying-washington

Future Dialogue: Read about the discussion on ways to step up a cross-disciplinary exchange of ideas at:

www.siemens.com/srl/future-dialogue

We believe in addressing our stakeholders' interests in our decision-making processes. This involves carefully evaluating the results of employee polls and customer satisfaction surveys as well as customer inquiries and supplier feedback. We've also embarked on a new initiative to encourage open communication – through the Future Dialogue conference, which we have co-organized with the Max Planck Society in association with Economist Conferences. Its purpose is to provide a forum for a cross-disciplinary exchange of ideas and enable business leaders, top scientists, policymakers and an international audience to discuss ways to improve collaboration and dialogue on the future of our planet.

Memberships and collaborative partnerships – Platforms for our activities

Siemens is a member of, and partners with, numerous key national and international organizations working to advance important initiatives with policymakers, industry and society.

For an overview of our worldwide memberships and partnerships, visit:

www.siemens.com/srl/memberships

Our membership in the World Business Council for Sustainable Development (WBCSD) and the World Economic Forum (WEF) and our participation in the United Nations' Global Compact play a particularly important role in our sustainability activities. Parallel to these worldwide, broadly focused memberships, we're also actively involved in a variety of business-specific and regional initiatives, such as the International Energy Agency (IEA) and Econsense.

The Siemens Sustainability Advisory Board

As part of our efforts to promote an ongoing dialogue with experts throughout the world, we've established a new body called the Siemens Sustainability Board. Composed of leading figures in science and industry from a range of disciplines and different parts of the world, the Board was formed with the goal of helping Siemens become a leader in sustainability.

By bringing together diverse outside perspectives, the Board promotes constructive discussions and supports networked, integrated initiatives. At the same time, the Board makes a valuable contribution toward advancing Siemens' overall Sustainability Program.

Looking ahead

Introducing stakeholder engagement as a focal point of our Sustainability Program underscores its exceptional importance in the context of our sustainability activities. In our efforts to further improve transparency throughout the company and to unite our complex and varied stakeholder engagement strategies within an overarching framework, we plan to develop a strategic process for stakeholder management during the year ahead.

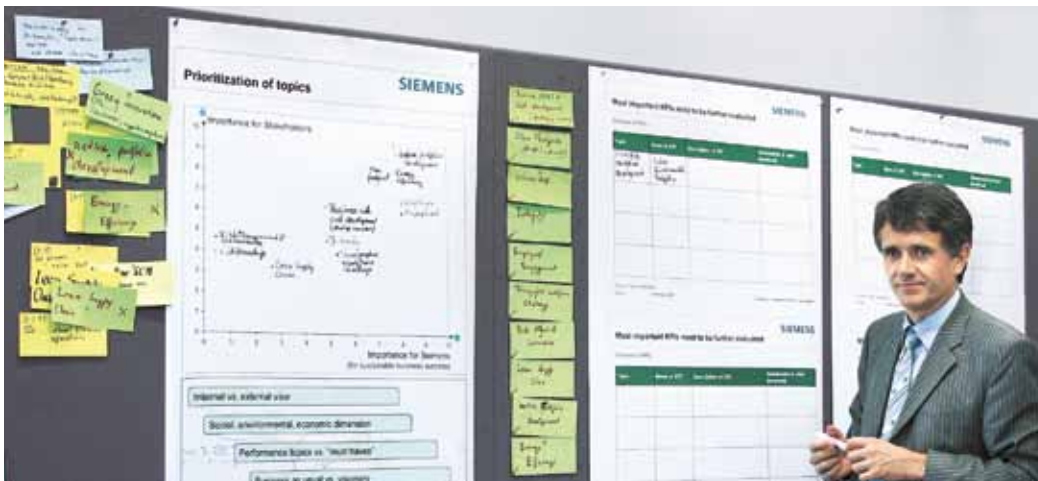
We are concentrating on establishing an approach that identifies and evaluates relevant stakeholder groups and sets specific targets for our interaction with each of them. This also includes defining a package of measures designed to enable us to implement our stakeholder engagement strategy and to track our success at meeting our engagement targets. This process is aligned to the AccountAbility Principles Standard (AA 1000 APS).

Materiality portfolio

Our materiality portfolio highlights key sustainability topics and their importance for our stakeholders and Siemens. It is prepared annually based on a closely integrated process involving an analysis of general trends, the tracking of megatrends, and intensive dialogues with our stakeholders.

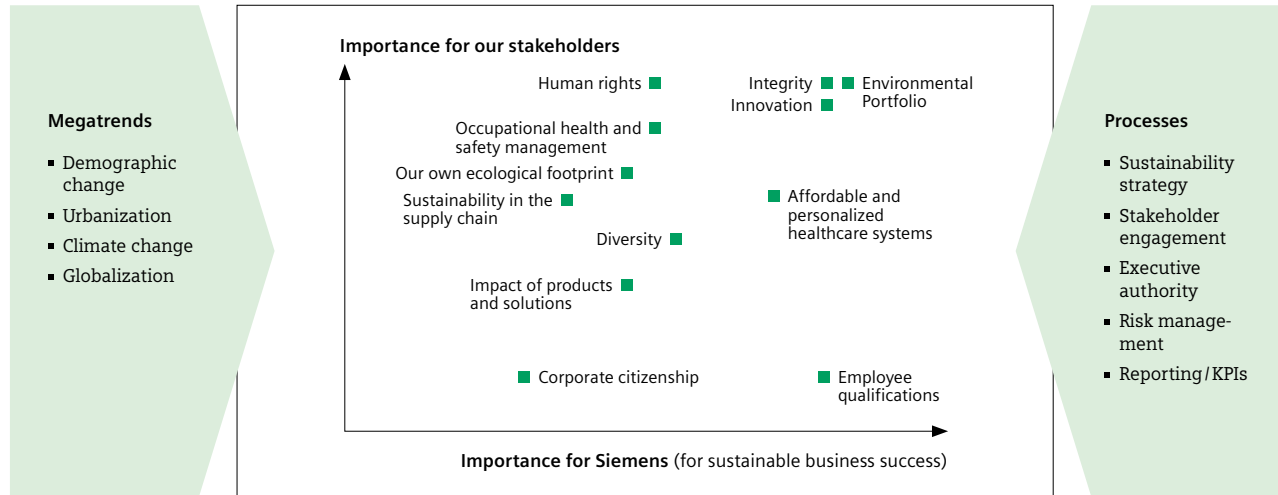
At workshops, representatives from various specialist units at Siemens analyze the results of these stakeholder dialogues to assess their materiality and relevance. These are subsequently discussed and decided upon in the Sustainability Board and in the Siemens Sustainability Advisory Board. This evaluation process also addresses potential risks and opportunities. We also receive valuable input from sustainability-oriented ratings agencies – in particular the SAM Group – which assess companies for the Dow Jones Sustainability Indexes.

We align our sustainability strategy and define and implement all our programs to reflect the core issues that have been identified. Since our environment and the relevant framework conditions continually change, our materiality portfolio also changes. This year, we've added innovation as well as affordable and personalized healthcare to our materiality portfolio on account of their major importance for our sustainable growth. We have bundled various themes from the previous year under the term "Corporate citizenship."



Our materiality portfolio is prepared on the basis of close interaction with our stakeholders.

Our materiality portfolio 2010



■ **Environmental Portfolio:** The products and solutions in our Environmental Portfolio provide three key benefits: for our customers, who boost their own business success thanks to lower energy costs, higher productivity and profitable growth; for society, which protects the environment with our technologies and improves living standards; and for our company, since we expand in attractive markets and grow profitably.

■ **Integrity:** Top performance with the highest ethical values. This is the standard by which our actions and our business must be measured. Our goal is to establish unambiguous and binding principles of conduct that guide all our employees and managers in their day-to-day activities. Our Compliance Program ensures that these principles are upheld without compromise.

■ **Innovation:** With our pioneering spirit and strength as an innovator, we seek to meet the challenges posed by today's megatrends, offering our customers comprehensive, sustainable solutions such as energy-efficient products for combating climate change.

■ **Human rights:** We're working to further promote strict compliance with human rights by stepping up our efforts in this area, both in our activities in the supply chain and in our own operations.

■ **Occupational health and safety management:** With our company-wide reporting tool, we're better controlling and optimizing our work and health management measures.

■ **Our own ecological footprint:** We aim to further improve our locations' environmental performance worldwide through the ambitious targets set by our company-wide environmental program.

■ **Sustainability in the supply chain:** We're aware that we have a substantial influence on society and the environment in our procurement markets. This is why we're working constantly to improve our methods, processes and tools and to secure a sustainable company-wide supplier base. We expect our suppliers to adhere to generally recognized sustainability principles and we support them with their implementation.

■ **Diversity:** We aim to promote greater diversity among the company's management and have made diversity a keystone of our corporate strategy.

■ **Affordable and personalized healthcare systems:** Our vision for coping with demographic change is to establish effective and efficient healthcare systems and to make healthcare affordable for everyone in the long term. This is a pioneering field of business for Siemens that calls for constant technological innovation.

■ **Employee qualifications:** The training and continuing education of our employees is a key factor in our long-term success as an integrated technology company.

■ **Impact of products and solutions:** We develop, manufacture and deploy products and solutions designed to have a positive effect on the environment and societies and to mitigate negative impacts. Their success relies on close collaboration across the entire supply chain as well as compliance with statutory regulations and requirements.

■ **Corporate citizenship:** With our portfolio, our worldwide network of experts and our experience, we can provide relief in the event of disasters and can help to advance the United Nations' Millennium Development Goals. We focus our citizenship efforts on areas that are both relevant and the right fit for us, given our areas of expertise as a company.

Risk management

A company that carries out major long-term projects in almost every country in the world, that continually brings technical innovations to the market, and that offers financing concepts and operator models is exposed to many business risks. Systematic and comprehensive risk management is necessary to identify these risks, assess them, and ensure the appropriate controls.

Risk management at Siemens is required by the Managing Board and is integrated into the planning and implementation of the company's business strategies. The risk management policy specified by the Managing Board reflects the goal of growing sustainably and increasing the value of the company while attempting to control unreasonable risks or avoid them whenever possible.

We use a series of coordinated control and risk management systems that support the early detection of any developments that could threaten the continued existence of Siemens. The processes used throughout the company for strategic corporate planning and internal reporting are of particular importance in that regard. Our Internal Auditing unit also monitors the adequacy and efficiency of our risk management system at regular intervals.

Our risk management system is based on a comprehensive interactive and management-oriented Enterprise Risk Management (ERM) approach that is integrated into the company organization and that looks at risks as well as opportunities. The purpose of the ERM process is to identify, assess, and control as early as possible any risks and opportunities that could materially affect achievement of the company's strategic, operational, financial, and compliance-relevant objectives. Risks and opportunities are identified as part of a structured process that provides an overall view of our business activities.

Find out more about the strategic, operational, and compliance risks we face and about our risk management in the Management's discussion and analysis in Book II, pages 98 ff. of the Siemens Annual Report 2009. The Annual Report 2009 is available on the Internet at:

www.siemens.com/sr/annual-report

Managing risks in all business processes is a top priority at Siemens.



The Managing Board has created the Corporate Risk and Internal Control Department and the Corporate Risk and Internal Control (CRIC) Committee to monitor the ERM process and ensure the integration and standardization of existing control activities in accordance with statutory and operational requirements. Information on risks and opportunities from the Risk Committees – compiled at the Sector, Cross-Sector Business, and Cluster levels or from the heads of the corporate departments – is reported to the CRIC Committee. The information is then used to evaluate the risk and opportunity situation throughout the company. The CRIC Committee reports to the Managing Board and supports it in the implementation, completion, and monitoring of the ERM process and when reporting to the Auditing Committee of the Supervisory Board.

Effective risk management goes hand-in-hand with a strong internal control system, because the two systems are in fact complementary. Identified risks, for example, may reveal gaps in the internal control system that could be closed by implementing new controls and closely monitoring them. Conversely, monitoring the internal control system could show that certain risks are not being controlled as effectively as was originally assumed.

Siemens is also required by U.S. law, which is more comprehensive than German law in this area, to establish and maintain adequate internal controls for financial reporting and review their effectiveness every year. The Siemens Managing Board has determined that the internal controls for financial reporting were effective as of September 30, 2009.

Rankings, ratings and awards

Customers as well as investors are increasingly basing their purchasing decisions on the sustainability activities of the company they are considering. In response, Siemens places great emphasis on transparent and comprehensive reporting regarding social and ecological matters. This commitment is being rewarded with excellent rankings in key sustainability ratings and makes Siemens an attractive company.

Our company in sustainability rankings

Sustainability is increasingly becoming a criterion for investment decisions. Rating agencies support this trend and have established an array of indices that assess companies in terms of economic, social, ethical and ecological criteria. Company sustainability reporting is also evaluated in various ratings. Siemens is assessed regularly in the most important ratings and achieved very good results in fiscal 2009.

- **SAM Dow Jones Sustainability Index:** For the tenth time in a row, Siemens was included in the renowned international SAM Dow Jones Sustainability Index (DJSI World), and in 2009 received its best overall rating so far. The company was ranked first in the category “Diversified Industrials.”
- **Carbon Disclosure Project:** In 2009, Siemens was listed as the third-best company in the Carbon Disclosure Leadership Index (CDLI) in the “Industrials” category. The amount of greenhouse gases emitted and the strategic evaluation of opportunities and risks play a key role in the evaluation of ecofriendly production. Since 2000, the Carbon Disclosure Project has assessed the carbon strategies employed by the world’s 500 largest enterprises and how detailed and comprehensive their reporting is.

Sustainability rankings important for Siemens:

SAM Dow Jones Sustainability World Index at: www.sustainability-index.com

Carbon Disclosure Project at: www.cdproject.net

IOÖfuture (German) at: www.ranking-nachhaltigkeitsberichte.de

SAM assessment: Performance (in percent)

	FY 2006	FY 2007	FY 2008	FY 2009
Economic dimension	65	47	91	90
Environmental dimension	61	73	68	80
Social dimension	69	70	71	79
Total assessment	65	66	75	82

- **IÖW/future 2009:** In this evaluation of the sustainability reports issued by the 150 biggest companies in Germany, Siemens was ranked second in the “Large enterprises” category. Siemens Chief Sustainability Officer Barbara Kux accepted the award in November 2009. The ranking is compiled by the Institut für ökologische Wirtschaftsforschung (IÖW: Institute for Ecological Economic Research) in Berlin together with the German business initiative “future – verantwortung übernehmen,” with support from the German Federal Ministry for Labor and Social Affairs and the German Council for Sustainable Development.

Our reputation as a sustainability-oriented enterprise

Our outstanding results in sustainability rankings are also reflected in numerous sustainability funds in which Siemens is a heavyweight (see table below).

In fiscal 2009 we received the following awards, among others:

Energy efficiency and environmental protection play a major role for investors who have specialized in sustainability investing. The awards received by Siemens in fiscal 2009 show that we are on the right course in both areas.

- **The Innovation prize for Climate and Environment** awarded by the German Federal Ministry for Environment, Nature Conservation and Nuclear Safety together with the Federation of German Industries. The world’s most efficient gas turbine from Siemens’ Industry Sector won the award in the category “Ecofriendly products and services.”
- **Sustainable Products 2009:** The research group ECODESIGN at the Vienna University of Technology gave awards to companies for their socially and environmentally compatible products. Siemens won a prize in the category “use-intensive consumer products” for the regenerative braking system, recycling concept and high level of energy savings in the rail vehicles it provided for the metro in Oslo, Norway.
- **Successful renovation and completion** of a residential area in Munich, Germany, that had been registered as a heritage protection site since 1982. The company’s renovation of this apartment complex, built in the 1950s for Siemens employees, was awarded six prizes for design and energy-related aspects, including the Special Prize of the German Foundation for Monument Protection – Heritage Protection in Residential Construction, and the German Developers’ Prize in the category “High quality and acceptable costs in residential construction.” In a heritage protection and new construction contest, Siemens also won a prize in the “Cityscape Care” category for a new apartment building in the same complex.

Sustainability funds

Name of fund	Share in fund (in percent)	Name of fund	Share in fund (in percent)
DWS Bildungsfonds	3.15	LBBW Global Warming Strategie	2.80
DWS Klimawandel	1.82	Postbank Dynamik Vision	1.83
HSBC GIF Climate Change	5.74	Raiffeisen Fonds – Clean Technology	2.23
ING (L) Invest Climate Focus (P Cap)	3.27	Vontobel Fund Global Trend Clean Technology	2.24

Source: “Sustainable Investment,” a selection of funds in which Siemens ranks among the top ten investments (as of April 26, 2010).



We want
a green world.

A young girl with blonde hair and a young boy with dark hair are looking at a large green drawing on a whiteboard. The girl is on the left, wearing a pink and white striped shirt, and the boy is on the right, wearing a blue t-shirt. They are in a classroom setting with a window in the background. The text is overlaid on the top right of the image.

We accept responsibility. A global tour of sustainable projects

together with children from the
Siemens daycare centers in Erlangen, Germany.

A world in which we'd like to grow up.

A world that makes us curious about
how we'll live in the future.



What are our parents and their company doing about this?



We'd like to thank the children of the "Kinderlaube" and "Kinder-nest" daycare centers operated by Siemens in Erlangen, Germany. They and their caregivers had lots of fun while working hard on these pictures.



40,000
tons of CO₂ saved

a year, compared with today's most modern combined cycle power plants. The new SGT5-8000H gas turbine puts Siemens in a new efficiency class. The combined cycle power plant in Irsching will achieve over 60 percent efficiency as of 2011.

Europe



Germany – Combined cycle power plant in Irsching

The world faces a triple challenge to its energy policies. The soaring demand for energy must be met while conserving ever-scarcer fossil fuels and limiting CO₂ emissions. Renewable energy sources as well as highly-efficient power generation with fossil fuels are part of the solution. One of the cleanest and most efficient generation technologies available is the combined gas and steam turbine process. Natural gas fires a turbine to generate electricity and the turbine's hot exhaust gases are then used to drive a steam turbine, which greatly increases overall plant efficiency. Last year Siemens successfully tested the world's most powerful gas turbine at the E.ON power plant in Irsching, Germany. With a capacity of 375 megawatts, the huge turbine generates enough electricity to supply a city with a population of one million, such as Hamburg. When it begins normal operation in 2011, the turbine will set a world record for efficiency in combined operation with a steam turbine: over 60 percent, two percentage points higher than the most modern combined cycle plants cur-

rently in use. Far less fuel will be consumed, and 40,000 tons less carbon dioxide will be exhausted into the atmosphere. As a comparison, the reduced volume of pollutant emissions is roughly equivalent to the exhaust of 10,000 mid-sized cars driven 20,000 kilometers a year. Compared with the amount of CO₂ generated by the world's current power mix (578 grams per kilowatt-hour), this power plant – which emits about 330 grams of CO₂ per kilowatt-hour – will keep about 700,000 tons of carbon dioxide out of the atmosphere.

“At Block 4 of the Irsching power plant, the record performance by the world's most powerful gas turbine is really convincing. The completion of the combined cycle power plant is already in full swing. We're going to set new standards for efficiency and performance starting in 2011.”

Bernhard Fischer,
CEO E.ON Generation GmbH, Hanover



50,000
households

will be provided with carbon-free electricity for at least 25 years by the new Lebrija 1 solar-thermal power plant.

Spain – Filling up on sunshine

It may sound like an advertising slogan of the Spanish tourism industry, but Siemens is taking it literally: concentrating the sun's energy and using it to generate electricity. In contrast to photovoltaic power plants, which rely on solar cells to convert sunlight directly into electricity, solar-thermal power plants use parabolic mirrors to capture the sun's rays and focus them on an absorber tube, the receiver. A special thermal oil is heated to nearly 400 degrees Celsius in the receiver and is then circulated through a heat exchanger in the central power plant block, producing steam to drive a turbine for generating electricity.

One of the first solar-thermal plants, almost exclusively using Siemens components from receivers to turbines, is currently being built near Seville in southern Spain. On the site of a former cotton plantation, 6,048 parabolic troughs, each comprising 28 individual mirrors, are being mounted on concrete pilings anchored up to 40 meters deep in the ground. A total of 169,344 separate mirrors will be mounted in the system. The power plant is scheduled to go online in 2010 with a capacity of 50 megawatts.

Italy – Seamless steel processing

Many consumer goods such as household appliances and motor vehicles are made of steel, more precisely thin-gauge strip. The process of making strip steel is energy-intensive and also requires considerable space. In conventional rolling plants, the steel cools off during the production process and has to be reheated to make the final strip. Siemens has built a line in Cremona, Italy, based on technology developed by Arvedi, for the endless strip production (ESP) of ultra-thin gauge strip. The process uses roughly half as much energy as previous systems and delivers higher-quality steel. The new ESP line reduces the number of operating steps by combining casting and rolling. Rather than cutting the strips and setting them aside for a time, the process leaves them

whole as they run through production without interruption – from casting to rolling to winding the finished coils. The process also saves space: the line is only 190 meters long, compared to normal lengths of 400 meters or more. Above all, energy consumption is slashed: Online energy measurements indicate a 45-percent reduction compared with normal casting and rolling processes. This creates value for the steel producer while benefiting the environment, since lower energy consumption also means sharp cuts in CO₂ emissions.



Just
3.5
minutes

are needed in the Cremona rolling mill to transform solid steel into hot-rolled steel coil. A completely new production method also reduces the energy consumption of the process almost by half.

Eurasia



Russia – Velaro high-speed train

Moscow and St. Petersburg, Russia's two most prominent cities, have been linked by rail since the mid-19th century. Over time, the 650 kilometers of rails and the trains that traveled them were periodically updated, but with the advent of commercial aviation there was never a genuine competition between planes and trains on the route. This situation changed once the Russian government decided to operate the Siemens Velaro – the world's most modern multiple-unit train – between the two cities. The Velaro RUS, specially optimized by Siemens for the extreme climatic conditions on the line, has been running between the former czarist cities since December 2009. And with a



Only
0.33
liters per 100 km

are consumed per passenger. The Velaro RUS, the sleek high-speed train based on the advanced technology of Siemens' Velaro platform, has been running between Moscow and St. Petersburg since December 2009. Passengers appreciate that even traveling at up to 250 kilometers per hour is very friendly to the environment, since the Velaro produces two-thirds fewer CO₂ emissions than a plane. The Velaro platform is already a great success in Spain and China.

I'd like a train that's
as fast as a falcon.



A train that doesn't use much electricity.



And there really is one: the Sapsan – Russian for peregrine falcon – is the high-speed train developed by Siemens linking St. Petersburg and Moscow since 2009. The train takes about the same time as flying, but it's far friendlier to the environment.

notable environmental advantage: although the time needed to fly (including check-in and security) or travel by rail is virtually the same at 3 hours and 45 minutes, the CO₂ emissions of the train, known as the "Sapsan" (peregrine falcon) in Russia, are roughly two-thirds lower per passenger-kilometer than those of a plane. On a per-seat basis, the Velaro's power consumption is particularly advantageous – a mere 0.33 liters of fuel per 100 kilometers, compared to a car. The high-speed train is thus a sensible alternative to air travel, since it satisfies the need for better mobility while at the same time benefiting the environment.

new Moses Mabhida Stadium. A 350-meter arch soars over the entire 70,000-seat stadium. When dusk falls, LED lamps on either side of the arch will emit a uniform light that is visible for miles. The LEDs are installed in rows of 36 in specially-developed luminaires. The 1.8-meter-long Dynamic Effect luminaires from BEKA are extremely weather resistant, have low operating costs, and require minimal maintenance. LEDs use approximately 20 percent less energy than alternative solutions for similar applications while emitting the same amount of light. Thanks to their high quality, the lamps are expected to have a lifespan of around 50,000 hours. OSRAM celebrated its 40th anniversary in South Africa in 2009, and over 66 percent of its revenue now comes from energy-efficient products.

South Africa



15,000
OSRAM LEDs

light up "The Arch" – a spectacular new landmark in South Africa. The specially developed Dynamic Effect LED is part of the green portfolio that now accounts for over 66 percent of OSRAM's revenue.

South Africa – Energy-efficient stadium lighting

When the whistle blows for the first match at the World Soccer Cup in summer 2010, it will also be a premiere for many stadiums and their associated infrastructure such as power generation and transport. OSRAM technology will be used at all of the venues. For example, the company is equipping all ten World Cup stadiums with floodlights and interior and exterior lighting, as well as with state-of-the-art stadium technology. The highlight – literally – is the soccer arena in Durban, where some 15,000 OSRAM LEDs will be used for the impressive yet energy-efficient lighting of the

We want a world with lots of light and few shadows – and with clean water.





180
million liters
of clean water
every day

A wastewater treatment plant near Kuwait City using the BioFlowsheet+ optimization program by Siemens will go online in 2010. Compared to conventional systems, it has a higher capacity, uses less energy and needs much less space.



Over
1,000,000
tons of CO₂

can be saved through the energy efficiency project of OSRAM, thanks to the use of energy-saving lamps. They considerably reduce the amount of high-emission power that would otherwise have to be generated for incandescent bulbs.

Middle East



Kuwait – Wastewater treatment plant

The operators of a wastewater treatment plant near Kuwait City have chosen a biological nutrient removal system designed by Siemens. The system is based on our BioFlowsheet+ program for biological water treatment and is projected to treat some 180 million liters of water for the desert state every day. The program evaluates effluent requirements, land availability and specific cost factors such as energy use, skilled labor and disposal conditions. The solution provided for the Kubd Plant near Kuwait City consists of four VertiCel systems for biological nutrient removal in two parallel operating trains, six 46-meter-diameter high-performance clarifiers, and eight Forty-X disc filters (with 24 discs apiece) from Siemens. Compared with conventional counterparts, the Siemens system provides superior process design and performance, lower energy costs, and a smaller footprint. This creates sustainable value in two ways: clean water together with a climate-friendly CO₂ balance for one of the driest regions in the world. The plant will go online in 2010.

India – Energy-saving lamps for over one million households

Power failures are practically an everyday occurrence in India, since the country's power grids are generally unstable. And it's not surprising that around a billion consumers with their growing hunger for electricity are also driving the CO₂ emissions of India's power plants through the roof. That led Siemens subsidiary OSRAM and the German utility RWE Power to come up with the idea behind an unprecedented project: the two companies have distributed Dulux EL Longlife energy-saving lamps to over one million households in the states of Andhra Pradesh und Haryana. An additional 500,000 lamps are to be distributed in the state of Maharashtra. The old incandescent bulbs were collected and recycled in an environmentally-compatible manner. The main attraction is that energy-saving lamps use up to 80 percent less electricity than conventional incandescent bulbs. That reduces peak loads on the city's grid, thereby improving overall availability. The new lamps will also keep about over one million tons of CO₂ out of the atmosphere over the next ten years. The project was completely financed by CO₂ certificates under the Clean Development Mechanism (CDM) for the reduction of CO₂ emissions in developing and emerging countries, which is

based on the Kyoto Protocol. OSRAM was the first lamp manufacturer to be authorized by the United Nations to carry out projects of this kind under the CDM in 2007. These projects offer an opportunity to replace millions of incandescent bulbs with energy-saving lamps in developing and emerging countries – principally in Africa and Asia – and to trade the CO₂ emission certificates that are received.

“Projects of this kind benefit everyone: customers save electricity with the new lamps, CO₂ is kept out of the environment, the power grid is stabilized, and OSRAM gets certificates that we can trade on the appropriate exchanges.”

Wolfgang Gregor,
OSRAM Chief Sustainability Officer



China – Direct-current, 800-kilovolt transmission

How can densely-populated urban areas be supplied with ecofriendly electricity when more than 1,000 kilometers separates them from clean energy sources? The answer is high-voltage direct-current (HVDC) power transmission. Siemens has played a key role in developing this transmission technology, which makes it possible to tap renewable energy sources even when they are far from where the power is consumed. HVDC can transport large quantities

of electricity over great distances thanks to the system’s high voltages and relatively low losses. In southern China, for example, Siemens began operating the world’s highest capacity HVDC link with a voltage of 800 kilovolts and a transmission capacity of 5,000 megawatts in December 2009. The line transports clean power from several hydroelectric plants in Yunnan province to the Pearl River Delta in Guangdong province, where the megacities Guangzhou, Shenzhen and Hong Kong are located. Little electricity is lost over the long journey: some 95 percent of the original input reaches the load centers after traveling 1,400 kilometers. Starting in summer 2010, this power superhighway will supply electricity to as many as 5 million households while reducing emissions in the country by over 30 million tons of CO₂ annually, because the link makes it possible to use hydroelectric power instead of coal, China’s most common fuel source.

China – Siemens Beijing Data Center

The breathtaking growth of data volume, the rapid development of computer capacities, and the steady rise in energy costs are forcing companies to adapt the infrastructure of their data centers. In response to these challenges, Siemens has developed an integrated portfolio of solutions under the heading of the “Transformational Data Center.” Among other places, it is being used in the Siemens Beijing Data Center at the headquarters of our Regional



30
megatons
of CO₂ saved

by connecting load centers to remote hydroelectric power plants. Starting in 2010, China will operate the world’s highest-capacity HVDC power transmission system at 800 kilovolts to transport 5,000 megawatts of electricity from hydroelectric plants in the Yunnan province over a distance of 1,400 kilometers to densely populated areas in Guangdong province.



600,000
kilowatt hours
saved per year

Thanks to a combination of software and hardware optimization and improvements to building efficiency, the Siemens Beijing Data Center uses some 600,000 kilowatt hours less electricity than conventional computer centers of the same size.

We want everything to
keep on whirling.



It can. Here's an example: in the United States, 130 Siemens wind turbines supply electricity to around 90,000 households – without producing CO₂.



Can the wind help us with that?



19,000
megawatts of
electricity needed
by Shanghai during
peak hours.

The megacity's demand for electricity is increasing by about 1,000 kilowatts each year. Much of that power is supplied by one of the world's largest and most efficient coal-fired power plants in Waigaoqiao, which uses roughly one million tons of coal a year less than conventional plants while generating the same amount of power. Before and during Expo 2010, a wide range of projects by Siemens will demonstrate the broad spectrum of technologies that can be used to reduce energy consumption by the cities, for example thanks to efficient building and lighting technology.

Company in China, where it already supplies information and means of communication to over 18,000 users working at Siemens and for local partners in China. Conventional computer centers usually consume over twice as much power as is needed for actual computing, but our state-of-the-art technology ensures that Siemens' computer centers achieve over 80 percent capacity utilization while reducing energy consumption by more than 30 percent.

China – Green technologies for Shanghai

Megacity Shanghai – The trend toward urbanization is more obvious in China than anywhere else. Over the past few decades alone, hundreds of millions of people have moved from rural areas to cities and the numbers continue to skyrocket. The major challenge: how can one provide reliable supplies of water and electricity for all of these city dwellers while keeping them mobile? And how can the cities cut their energy consumption to reduce CO₂ emissions? Megacities like Shanghai are always looking for effective infrastructure solutions that can cope with increasing populations while improving the ecological balance. And these solutions include answers from Siemens. To help secure Shanghai's power supplies, Siemens has shipped several 1,000-megawatt steam turbines and generators to Waigaoqiao, one of the most efficient coal-fired power plants in the world. It consumes over one million tons less coal than conventional coal-fired plants in China each year, and its high efficiency of 45 percent reduces CO₂ emissions by around 3 million tons. Waigaoqiao alone currently covers around 30 percent of Shanghai's power needs. Another way to increase energy efficiency is to renovate

buildings. Siemens has equipped several buildings in Yangpu, one of Shanghai's older districts, with modern building technologies to reduce their energy consumption by 16 percent. Siemens is also demonstrating the efficiency of technologies at the Expo 2010 in Shanghai, such as in the five permanent pavilions that will remain open after the Expo ends. One of them is the enormous 160,000-square-meter China Pavilion, which consumes around 25 percent less energy than a conventional building, thanks in part to energy-saving building technology from Siemens. The Expo's pavilions and boulevards are also illuminated by more than 150,000 LEDs made by Siemens' subsidiary OSRAM. In addition to showing groundbreaking projects like advanced metro trains for expanding rapid-transit service, Siemens is using this megacity as an example for the possibilities of making cities logistically and ecologically fit for accelerating urbanization.

North America



USA – Windy Flats

Building wind farms with the capacity of a large power plant was the goal of Cannon Power Group in their Washington State project. The farms' location near the Columbia River at the foot of the Rocky Mountains was an ideal site for tapping the steady winds that sweep eastward from the Pacific into the interior of the country to produce electricity. The Windy Flats and Windy Point farms have a combined capacity of around 300 megawatts. Ecofriendly power has been supplied to some 90,000 homes in several states by 130 Siemens wind turbines in the 2.3-megawatt class since 2009.

"We were able to install 300 megawatts of wind power in only 18 months. It was a great challenge to combine the many small parts of the project in the best way possible in a relatively short time. But we did it along with Siemens!"

Gary Hardke,
President and Managing Director
of Cannon Power Group



300
climate-friendly
megawatts

Since late 2009, 130 Siemens wind turbines have been supplying CO₂-free electricity to around 90,000 homes in north-western United States.

South America



Colombia – Creation of a hospital

What happens to a small clinic with only one laboratory and a single x-ray machine when the number of patients keeps rising over the years? It grows. Wings are added, buildings are integrated, or additional floors are built on top. The result is a confusing hospital floor plan that requires people to walk long distances, which can be a problem for employees and patients alike. That was the situation at Imbanaco Medical Center in Cali, Colombia. Over the past few years, its growth had been so uncontrolled that the emergency room was two blocks from the specialist stations. The situation was hard on employees and patients and drove up costs. This was reason enough for the hospital administration to work with Siemens to develop a concept to optimize processes through intelli-



300
beds

will be available in the new Imbanaco Medical Center in Cali, Colombia. When it opens in 2012, the clinic will have around 74,000 square meters of floor space, with all stations closely networked with the relevant specialty departments. Siemens combines sustainability in healthcare with the highest ecological standards in its "Green + Hospitals" program. The initiative takes environmentally relevant aspects into account while increasing the efficiency of workflows, improving the economic strength of healthcare providers, and optimizing the quality of patient care.



90 million kilowatt-hours

is the amount of power generated by the conveyor belt of the Los Pelambres copper mine in Chile while transporting 8,700 tons of ore per hour from the mountainside mining pit to the processing plant 13 kilometers below.

gent architecture and design of spaces, thereby increasing efficiency. This concept will take the form of a new 300-bed hospital for the Imbanaco Medical Center, tailored specifically to the hospital's work flow and scheduled to be completed in 2012.

"We are working with Siemens because no other company can deliver a concept for us which includes all hospital functions."

Armando Gonzalez, MD, CEO,
Imbanaco Medical Center, Cali, Colombia

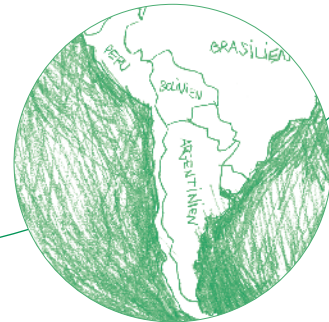
Chile – A conveyor system generates power

The Los Pelambres copper mine in Chile is one of the most profitable mines in the world, even though it is located high in the Andes and the ore is extracted under difficult conditions. The secret to the mine's success is a 13-kilometer-long conveyor system, equipped by Siemens with a special drives and automation solution, which moves 8,700 tons of copper ore per hour from an altitude of 3,200 meters down to the processing plant at 1,600 meters. The added benefit is that the special belt construction generates about 15 percent of the mine's own power needs – around 90 million

kilowatt hours annually – thereby reducing CO₂ emissions by more than 50,000 tons per year. When the belt is fully loaded, gravity pulls the rocks downward and it runs by itself. The ten Siemens drives units needed to start and regulate the belt's speed also operate as generators up to a capacity of 15 percent to produce electricity. Another notable technological achievement: the enormous gearless ring motors provided by Siemens for the ore mills used to crush the ore. The gearless ring motors are more efficient, subject to less wear, and consume less energy than other motors.

"The conveyor system is the backbone of our operation. Without it, there would be no mine."

Ricardo Funes Maggi,
Operations manager at Minera Los Pelambres





Our parents are working to make sure the world is in good hands.

The Siemens Environmental Portfolio

Power plants that generate electricity from the sun, factories and buildings that consume only small amounts of power, fast eco-friendly trains – many of our products are helping make the world a better place to live both today and for our children.

Energy-efficient solutions and environmental technologies from our Environmental Portfolio have a three-fold advantage: they benefit our customers, who boost their own success through low energy costs and higher productivity; they benefit future generations, whose living and environmental conditions we're preserving and helping improve; and they benefit our own company by enabling us to tap attractive markets and generate profitable growth.

A broad spectrum of environmental technologies and energy-efficient solutions

Siemens has a long tradition of supplying products and solutions for environmental and climate protection. Just one example: Werner von Siemens developed a technology to eliminate ash from factory emissions as early as 1873. Today, we're bundling all the technologies that demonstrably help our customers protect the environment into the Siemens Environmental Portfolio. These technologies include:

- Products and systems such as combined cycle power plants, energy-saving lamps and intelligent building technologies, that are far more energy-efficient than comparable solutions,
- Renewable energy systems and components such as wind turbines and steam turbines for solar-thermal power plants, and
- Environmental technologies for cleaner water and air.

The Siemens Environmental Portfolio covers the entire energy conversion chain – from efficient power generation and distribution to consumption – as well as environmental technologies.



Customer CO₂ reductions generated by products and solutions from the Siemens Environmental Portfolio (in millions of tons)

Fiscal Year	CO ₂ Reductions (Millions of tons)	Target
FY 2011	300	300
FY 2009	210	210
FY 2008 ¹	158	158

■ CO₂ reductions generated by newly installed products and solutions
 ■ CO₂ reductions generated by previously installed products and solutions

Revenue generated by the Siemens Environmental Portfolio (in billions of euros)

Fiscal Year	Revenue (Billions of euros)	Target
FY 2011	25.0	25.0
FY 2009	23.0	23.0
FY 2008 ¹	20.7	20.7

¹ In fiscal 2009, we added new products and solutions to the Siemens Environmental Portfolio. The revenue figures reported here for fiscal 2008 have been calculated on a comparable basis. As a result, these figures deviate from the revenue figures for 2008 published in last year's report.



Once again in fiscal 2009, we added a large number of products to our Environmental Portfolio. These products included energy-saving motors, solar inverters, solutions for efficient, low-emission processes in the oil, gas and metals industries, and selected components for energy-saving building technologies.

Environmental benefits

The figures in the tables on the left page showing CO₂ reductions illustrate the major contributions that our Environmental Portfolio is making to environmental protection. Solutions from our Portfolio that were installed between 2002 and the end of 2008 reduced CO₂ emissions by around 160 million tons a year. Portfolio products and solutions that were installed at our customers in fiscal 2009 will cut those emissions by a further 50 million tons a year to yield a total reduction for 2009 of 210 million tons – an amount equal to the combined annual CO₂ emissions of New York, Tokyo, London, Munich and Berlin and more than 50 times the total CO₂ emissions of 3.8 million tons generated by our own business activities in 2009 (see page 109).

But we're still not satisfied with what we've achieved. Our goal is to continually increase these reductions and to cut customer greenhouse emissions by some 300 million tons a year by 2011.

Factors used in calculating emission reductions

Category	Emission factor (g CO ₂ /kWh)	Basis for comparison of Portfolio products and solutions
Power generation worldwide – all primary energy sources	578	Power generation excluding renewables
Power generation worldwide – fossil primary energy sources	870	Power generation renewables / wind
Power generation worldwide – coal as primary energy source	940	Service for electrostatic filters
Power consumption (including transmission losses of 9.3%)	631	All types of energy use
Power consumption – traction power (including transmission losses of 6%)	612	Trains

Energy conversion chain

The production, transport and processing of primary fossil fuels

- Combined-cycle power plants for the oil and gas industry
- Electric motors instead of mechanical drives

Fossil power generation

- Combined-cycle power plants
- Combined heat and power (cogeneration) plants
- Power plant instrumentation and controls
- Modernization and upgrades

Renewable energy

- Wind power solutions
- Ground-based and rooftop photovoltaic power plants
- Solar-thermal power plants
- Components for biomass power plants

Power transmission and distribution

- High-voltage direct-current transmission (HVDC) systems
- Grid connections for offshore wind farms
- Substations with gas-insulated switchgear
- Network management
- Gas-insulated transmission lines
- Siplink direct-current coupling systems for ships



Our Environmental Portfolio is creating a triple-win situation

First, for our customers, who are improving their bottom lines – thanks to lower energy costs, higher productivity and more profitable growth.

25

percent – that's how much less energy is consumed in buildings equipped with advanced Siemens technologies. Klinikum Bremerhaven, a large regional hospital in northern Germany, is just one example of how our Environmental Portfolio is helping customers cut costs and minimize environmental impact.

Transparent calculation of emission reductions

Our calculations of reductions in greenhouse gas emissions are based on comparisons of the emissions of specific products and solutions. We've used three main methods for making these calculations.

- Direct before-and-after comparisons – for example, after power plants are upgraded and energy-saving performance contracting projects are implemented to optimize energy consumption in buildings;
- Direct comparisons with reference technologies – this is how we determine the emission reductions achieved by using low-loss high-voltage direct-current (HVDC) transmission rather than conventional alternating-current (AC) transmission systems;
- Comparisons with installed bases – we use these, for example, to calculate the emission reductions achieved by advanced combined cycle power plants and trains. For the installed base, we use the relevant emission factors for average world power generation.

Our calculation of the emission factors for power generation is based on information provided by the International Energy Agency IEA (IEA Electricity Information 2007) regarding gross energy generation and net losses, on information from the Intergovernmental Panel on Climate Change (IPCC) regarding fuel-based emission factors, and on our own analyses of efficiency factors in power generation.

Solutions for industry

- Energy-saving motors
- Drives/converters with energy recovery
- Diesel-electric drives for ships
- Solutions for metals and mining
- Energy recovery
- Water and wastewater treatment in the pulp and paper industry
- Energy management and consulting

IT solutions and services

- Transformational Data Centers
- Smart workplace communications



Mobility

- High-speed trains
- Locomotives
- Regional trains
- Light-rail systems
- Traffic management systems
- LED traffic signals
- Parking management systems
- Rail automation and electrification

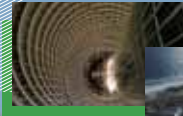


Building technologies

- Energy-saving performance contracting
- Building modernization
- Components for heating, ventilation and air conditioning

Lighting (OSRAM)

- Light-emitting diodes (LEDs)
- Energy-saving lamps (DULUX)
- Fluorescent lamps (LUMILUX) and electronic control gear
- Halogen lamps (Halogen Energy Savers)
- High-intensity discharge lamps (HQI, HCL, NAV)



Environmental technologies

- Water treatment systems
- Air pollution control systems

Healthcare

- Refurbished systems
- CT scanners: SOMATOM Definition AS
- MRI scanners: MAGNETOM ESSENZA, MAGNETOM Verio



Third, for our company, because we're tapping attractive markets and achieving profitable growth.

Second, for society, which is leveraging our technologies to protect the environment and improve the quality of life.

300

million tons – that's the reduction in CO₂ emissions we'll enable our customers to achieve by 2011 – and one of our key contributions to sustainable development.

25

billion euros – that's how much revenue we'll be generating by 2011 with the products and solutions in our Environmental Portfolio.

This overview is also available in the Siemens Annual Report 2009.

Here's an example of how this calculation is made. New combined cycle power plants, fueled by natural gas, achieve an efficiency rating of about 58 percent. They emit about 345 grams of CO₂ per kilowatt-hour. This figure is based on the carbon content of natural gas, the conversion of carbon into CO₂ during combustion, and the plant's efficiency rating. As a basis of comparison, we use the average global emission factor (for all energy sources) of 578g CO₂/kWh for power generation. The total emission reduction equals this difference multiplied by the number of kilowatt hours of electricity that our newly installed power plants generate in a fiscal year.

Details regarding Siemens' own greenhouse gas emissions are provided on page 109 of this Report.

In calculating emission reductions at our customers, we focus on CO₂ reductions during consumption.* For each product and solution installed within a fiscal year, we calculate the emission reduction in a typical application for the entire fiscal year. The CO₂ emitted during the manufacture of individual products in our factories is included in our own carbon footprint and is therefore excluded from the calculation presented here.

* For gas-insulated switchgear, we also convert sulfur hexafluoride emissions into CO₂ equivalents, enabling us to compare total systems.

Economic advantages for Siemens

A look at our revenue figures shows just how important the Environmental Portfolio is for us. In fiscal 2009, we made significant progress toward achieving our 2011 green revenue target of €25 billion, boosting revenue from the Portfolio to €23 billion – a year-over-year increase of about 11 percent. In a word, the Siemens Environmental Portfolio has been a key growth driver even in economically difficult times (see the table showing the revenue generated by the Siemens Environmental Portfolio on page 56). Progress has been particularly strong in the area of wind power. For example, we received major orders for the construction of the world’s biggest wind farm in the Thames Estuary near London. This facility will provide 750,000 households – or about one-quarter of the total population of the Greater London Metropolitan Area – with ecofriendly electricity while reducing annual CO₂ emissions by some 1.9 million tons. Innovative technologies in the area of renewables and power transmission – where a major new market in the field of smart grids is now beginning to develop – will continue to be growth drivers for the Siemens Environmental Portfolio in the future. The same applies to new solutions for efficient power consumption – for example, in the area of industrial automation and drives technology. Due to its growth prospects and its significance for our company, we’ve firmly anchored our Environmental Portfolio in our strategic planning process. The Portfolio’s expansion is subject to internal guidelines and controls. Before being added to the Portfolio, products and solutions must meet defined criteria in areas like energy efficiency. Their inclusion in the Portfolio must be approved by the Siemens Sustainability Board. In addition, we’ve also commissioned independent auditors to review our Environmental Portfolio.

Review by independent auditors PricewaterhouseCoopers (PwC) confirms data

Siemens commissioned PwC to conduct a review of selected data of the Siemens Environmental Portfolio again for fiscal 2009. The auditors reviewed, among other things, whether the quality of the information regarding the revenue generated by products and solutions from the Environmental Portfolio and the CO₂ reductions at customers met the five criteria (relevance, completeness, consistency, transparency and accuracy) defined by the Accounting and Reporting Principles of the Greenhouse Gas Protocol Initiative and whether the internal regulations defined in our internal guidelines were complied with. The detailed certification with the results and detailed information on the procedures followed in the review are provided in the brochure “Our Environmental Portfolio: Excerpt from the Siemens Sustainability Report 2009.”

Further information on the Siemens Environmental Portfolio and the independent auditors’ review is available online at:

www.siemens.com/sr/environmental-portfolio

Siemens Environmental Portfolio – Targets

Target	Target date	Status
Generate revenue of €25 billion with the Environmental Portfolio.	by 9/2011	In fiscal 2009, the Environmental Portfolio generated €23 billion in revenue.
Reduce greenhouse gas emissions at customers by 300 million tons a year.	by 9/2011	In fiscal 2009, products and solutions from the Siemens Environmental Portfolio reduced CO ₂ emissions at customers by some 210 million tons.

Overview //

Products and solutions in the Siemens Environmental Portfolio*

The production, transport and processing of primary fossil fuels

- Combined cycle power plants for the oil and gas industry
- Electric motors instead of mechanical drives

Fossil power generation

- Combined cycle power plants
- Combined heat and power (cogeneration) plants
- Power plant instrumentation and controls
- Modernization and upgrades

Renewable energy

- Wind power solutions
- Ground-based and rooftop photovoltaic power plants
- Solar-thermal power plants
- Components for biomass power plants

Power transmission and distribution

- High-voltage direct-current transmission (HVDC) systems
- Grid connections for offshore wind farms
- Substations with gas-insulated switchgear
- Network management
- Gas-insulated transmission lines
- Siplink direct-current coupling systems for ships

Solutions for industry

- Energy-saving motors
- Drives/converters with energy recovery
- Diesel-electric drives for ships
- Solutions for metals and mining
- Energy recovery
- Water and wastewater treatment in the pulp and paper industry
- Energy management and consulting

IT solutions and services

- Transformational Data Centers
- Smart workplace communications

Mobility

- High-speed trains
- Locomotives
- Regional trains
- Light-rail systems
- Traffic management systems
- LED traffic signals
- Parking management systems
- Rail automation and electrification

Building technologies

- Energy-saving performance contracting
- Building modernization
- Components for heating, ventilation and air conditioning

Lighting (OSRAM)

- Light-emitting diodes (LEDs)
- Energy-saving lamps (DULUX)
- Fluorescent lamps (LUMILUX) and electronic control gear
- Halogen lamps (Halogen Energy Savers)
- High-intensity discharge lamps (HQI, HCI, NAV)

Environmental technologies

- Water treatment systems
- Air pollution control systems

Healthcare

- Refurbished systems
- CT scanners: SOMATOM Definition AS
- MRI scanners: MAGNETOM ESSENZA, MAGNETOM Verio

* Our Environmental Portfolio includes only Siemens products and solutions. Our equity investments and joint ventures such as BSH Bosch und Siemens Hausgeräte GmbH also offer a wide range of highly energy-efficient, resource-saving products and solutions. This overview summarizes the key products and solutions offered by the Siemens Environmental Portfolio. Behind it stand numerous individual products, so the list by no means claims to be complete.



We offer excellent training programs worldwide. We're currently training 9,900 secondary school graduates in Germany alone.

Management

Our success at delivering our strategy relies on the targets defined by our leadership in different areas. The responsibility for setting these targets and for performance in each thematic area lies with our specialist departments.

Two of these areas – “Innovation” and our “Customers and portfolio” – are included for the first time in the “Management” chapter in this year’s Report. Innovation has always been our lifeblood and a strategic growth driver, and customer focus is a major competitive factor and thus crucial to our sustained and profitable growth. The addition of these two thematic areas to our Sustainability Report underscores their importance for our business. We also include best practice examples that illustrate the successes achieved through our management approaches.

Performance indicators are important instruments for creating comparability and verifying the achievement of targets. This section presents key performance measures for each thematic area; additional performance indicators are provided in the “Facts and figures” chapter.

Innovation

At Siemens, innovations have always been the key to success. They enable us to maintain and expand our leading market position and master times of crisis. As an integrated technology company, we bring together the best experts in the world, leveraging the synergies offered by our three Sectors to help shape trends in technology and society.

Innovation is our lifeblood

For more than 160 years, our innovative products and solutions have been meeting customer needs and helping us continuously develop new markets. Over many generations, the pioneering spirit of our researchers and developers has made us the technology leader in many fields. Today, some 30,800 Siemens employees (at Sept. 30, 2009) work in research and development (R&D) at 176 locations, delivering the innovations that enable us to meet the challenges of our time. Despite the current economic and financial crisis, we increased our R&D expenditures from €3.8 billion in the prior year to €3.9 billion in fiscal 2009, which represented an increase from 4.9 percent of our revenue to 5.1 percent. We currently hold 56,000 patents, making us one of the most innovative companies in the world. Some 14,000 of these patents are for products and solutions in our Environmental Portfolio, reflecting our commitment to finding solutions that help protect our environment. Key areas here include increasing the efficiency of power generation, further improving low-loss power transmission, expanding smart power grids and pushing more efficient energy use. Our R&D spending on energy-efficient and eco-friendly technologies totaled around €1 billion* in fiscal 2009.

Despite the crisis, Siemens increased its spending on research and development in fiscal 2009.

Tremendous importance of research at Siemens

Highlighting the significance of innovation management at Siemens, our Managing Board member Prof. Dr. Hermann Requardt serves as Chief Technology Officer (CTO) and is responsible for our Corporate Technology (CT) research unit. CT's activities include driving cross-Sector innovations, supporting what are known as open-innovation networks, and fostering contacts with universities and the world of research and science. During fiscal 2009 alone, Siemens launched some 1,000 cooperative projects, including major research alliances coordinated by us. In addition, the Siemens Center of Knowledge Interchange (CKI) is a strategic cooperation program with a global network of selected partner universi-

* There is no generally valid definition for R&D expenditure for developing energy-efficient and ecofriendly technologies. Our figure is therefore an estimate by the Divisions based on the definition of the Siemens Environmental Portfolio. As a result, it contains uncertainties and is not audited.

ties around the world that focuses on the long-term promotion of research, innovation, and knowledge transfer between industry and science. CT also helps foster an interdisciplinary mindset at Siemens, leveraging synergies across various technologies and application fields, developing shared platforms and standards, and positioning Siemens to be a technology and patent leader.

Roughly 5,500 employees work for Corporate Technology at 14 locations, including key research centers in the United States, Germany, Great Britain, Russia, India and China. In addition to fundamental research performed at CT, business-based research and development is conducted in the Divisions and accounts for the lion's share of our company's R&D spending. The pivotal figure in Siemens' innovation network is the CTO. It's crucial for an integrated technology company like Siemens to implement technology synergies across the company's operating units – whether within the Sectors or across them or between the Sectors and Corporate Technology. One of the CTO's responsibilities is to ensure that the company leverages these opportunities. Our innovation management is organized accordingly. Annual innovation meetings are held in the Divisions, and the CTO follows these meetings with the aim of analyzing the company's technology base and providing vital input for improving R&D efficiency. Using this approach, innovation management is supported with specific measures and the company develops a solid innovation strategy. The strategy is discussed with the Managing Board and other key management bodies in the Sectors and Divisions.

Innovative throughout the company



The objective of the new Open Innovation method introduced at Siemens in fiscal 2009 is to identify and push new areas for innovation in a network of researchers and developers. Specifically, this method helps involve outside groups in the innovation process at Siemens, enabling us to benefit from outside knowledge while opening up to others. Initial Open Innovation activities included:

- Launching an idea competition outside the company;
- Engaging e-brokers to bring together people seeking ideas with people offering solutions;
- Creating open-expert networks to connect experts from the three Sectors on specific overarching themes;
- Initiating online discussions within the company for experts from all Sectors.

For the second time in a row, *Pictures of the Future*, the Siemens magazine for research and innovation, has received the Distinguished Award of STC, the Society for Technical Communication, in the magazine category. Our magazine reports twice a year on major technology trends, offers insight into Siemens labs, presents scenarios for the future, and describes R&D activities at Siemens:

www.siemens.com/sr/pof

Figures for research and development

	FY 2008	FY 2009
 Spending on R&D ¹	€3.8 billion	€3.9 billion
 R&D as a percentage of total revenue	4.9%	5.1%
First filing of patents ²	5,000	4,200
Invention disclosures ²	8,200	7,700
Granted patents	55,000	56,000

¹ Continuing operations

² Prior-year information not adjusted for businesses disposed of

Position in patent office statistics¹

	2007	2008
Germany	2	2
Europe	3	2
USA	11	12

¹ Data for calendar year 2009 were not fully available from official sources at the time of publication.

Many different sustainability-related topics took center stage at the 2009 Siemens Innovation Day, the showcase for our R&D community. Here are some examples:

- **eCar:** Siemens is intensely committed to electromobility. In addition to vehicle technology, we're focusing primarily on the interaction among cars, the power grid and renewable energy sources such as wind and solar power (see article to the right).
- **Smart grid:** A flexible and intelligent grid infrastructure will enable fluctuating supplies of wind- and solar-generated electricity as well as power from a growing number of small, decentralized providers to be integrated into the grid, helping maintain an equilibrium between power generation and distribution.
- **SOMATOM Definition Flash:** With its unparalleled imaging speed and precision and minimal radiation dosage, this innovative computed tomography scanner is setting new standards in the health-care industry.
- **Carbon capture and storage (CCS):** Technologies for capturing CO₂ help reduce emissions from coal-fired power plants. At a pilot plant that went into operation in 2009, flue gas produced during combustion comes into contact with a special cleaning agent that eliminates some 90 percent of the CO₂ in the flue gas by bonding with it. This technology can also be used to retrofit conventional power plants.

Challenges and goals

A time of crisis also poses major challenges for research: R&D expenditures must be maintained and used as efficiently as possible despite falling revenue and declining market volumes. With R&D units at some Divisions in the Industry Sector affected by reductions in working hours, the number of reported inventions also dropped slightly. In a move to spur our figures for inventions and patents, we intend to implement existing initiatives (such as our Inventor of the Year award and Patent Workshop) to foster employee motivation more strongly in 2010.

Innovation goals

Goal	Target date	Status
Maintain the level of R&D spending as a percentage of revenue.	ongoing	R&D spending increased slightly as a percentage of revenue despite the difficult market situation in fiscal 2009.
Stabilize the number of invention disclosures.	ongoing	Down slightly from 8,200 in fiscal 2008 to 7,700 in fiscal 2009. ¹
Increase the number of patent first-filings.	ongoing	Down from 5,000 in fiscal 2008 to 4,200 during the reporting period. ¹
Keep the number of granted patents stable.	ongoing	Up from 55,000 in fiscal 2008 to 56,000 in fiscal 2009.

¹ Prior-year information not adjusted for businesses disposed of

ELECTRIC CARS: ON THE RIGHT TRACK WITH ECOPOWER

Silently and with no CO₂ exhaust. Electric cars relying on renewable energy sources will soon be part of our everyday lives – particularly in cities. And they will be fun to drive, as shown by the eRuf, a demo car built by Ruf and Siemens based on a Porsche 911 chassis. At the same time, Denmark is pursuing the EDISON project, in which electric cars will be used to store wind energy.

The electric sports car from automaker Alois Ruf GmbH, equipped with Siemens technology, runs completely without engine noise and emissions. But is this new technology suitable for everyday use? The decisive factor is the fine-tuning of the interplay between the electric car and the power grid infrastructure.

When and where will drivers charge up, how long will it take, and how much will it cost? Might it also make sense for electric cars to feed power back into the grid? Siemens is supporting efforts in several places – including Denmark, Munich, and the Harz region of Germany – to answer these questions. Denmark, which generates some 20 percent of its electricity from wind power, is already a leader in the use of renewable energy sources. But the wind sometimes blows too hard or too gently, which requires a power storage unit to compensate for fluctuations in the power supplies.

That's where the electric car comes into play. The idea is that if too much wind is gusting through the Danish wind farms, thousands of vehicles can charge their storage batteries at lower prices, thereby absorbing surplus energy. When the wind dies down, they can then feed the power they don't need back into the grid, perhaps even earning a bit of money thanks to the higher rates paid in times of peak demand. This may sound utopian, but cooperative projects with Siemens have already explored how this could work and how electric cars can communicate with the power grid.



In the future, it will be possible to "fill up" eCars with wind power in well under an hour or even to feed stored surplus power back into the grid.

For example, work on the project known as EDISON, short for "Electric vehicles in a Distributed and Integrated market using Sustainable energy and Open Networks," is moving full speed ahead in Risø, Denmark. According to Sven Holthusen, responsible for EDISON in the Energy Sector, "We are focusing on the question of how electric vehicles can be charged up quickly, reliably, and efficiently." A test project on the Danish island of Bornholm will show by 2011 that connecting electric cars and renewable energy sources already can be an everyday affair.

While the partners in the EDISON project focus on power electronics and fast charging technology, work in the Harz region concentrates on the charging process and communication between e-cars and the grid. BMW, Siemens, and the Munich power utility are cooperating in Munich: Siemens is supplying the charging infrastructure, the utility is feeding in green power, and the BMW Group is providing 40 MINI E vehicles. All partners in this cooperative venture are certain of one thing: the future of mobility has already begun.

The role of electric cars in the power grid of the future at: www.siemens.com/sr/ecar

Customers and portfolio

In an era of globalization and fierce competition, customer focus plays an increasingly important role as a differentiating factor. Carefully developed customer relationships lead to opportunities for long-term partnerships for Siemens – across our entire portfolio of products and solutions.

Focus on the customer

The Siemens portfolio is primarily focused on capital goods with long lifecycles and used by our customers for long periods of time. As a result, a comprehensive spectrum of services matching customer needs ensure long-lasting partnerships based on trust. These partnerships benefit from our company's broad-based structure that evolved over 160 years, our innovative strength, our presence in local markets around the world and, last but not least, our strong capital basis.

If you stand by your business partners in difficult times and strengthen long-standing customer relationships, you will emerge as a winner from crises.

Enduring success can be ensured only if all our employees – from R&D to sales and service – consistently keep their eye on the value being delivered to our customers. Our guiding principle is to develop products for our customers rather than find customers for our products. To reinforce this approach, we supplement the product market focus of our businesses with customer-focused partnerships and close customer relationships structured on a long-term basis. This is the goal of our company-wide Siemens Account Management Program.

We provide industry-specific service to our large customers via an account management system supported by a group of specialists from our Divisions. Thus, parts of our portfolio are developed by working directly with our customers and even within their own facilities. That is particularly true for the products and solutions in our Environmental Portfolio (see also the section on the "Siemens Environmental Portfolio" on page 56).

This approach is augmented by our Executive Relationship Program: all members of the Managing Board keep in direct contact with our key customers, and by that maintain a constant dialogue with them as well as personally listen to their needs.



The way our Siemens One approach works is clearly demonstrated in our work with cities:

www.siemens.com/sr/cities

Our strategic approach

The Siemens One approach enables us to provide customers with a full spectrum of products and solutions from a single source. The system governing our customer relationships is managed centrally by the Siemens Sales Board, which formulates our principles for sales and customer service. All structures and regulations are documented in our Guidelines for Account Management and Market Development, which are amended and updated annually.

Ultimately, our success depends on the satisfaction of our customers. In order to measure their approval, further strengthen our customer focus and monitor how our relations are developing, we introduced the Net Promoter Score in 2009 as a uniform, company-wide standard. This internationally recognized and conventional indicator, which measures how likely our customers are to recommend us, is based on surveys conducted worldwide once a year. The 2009 survey drew on 10,240 interviews. Year-to-year comparisons of the data for individual regions and markets will be used in the future to develop specific actions.

Careful attention to the need for information and feedback from our customers is a key component of customer service that strives for continuity. Among other things, we have established numerous round-the-clock call centers. About 40 percent of the callers know what kind of support they need, but don't know where to find it. By accessing the Siemens Sales Contact Dictionary, our call centers can assist them in most cases. This catalog of over 130,000 entries is consulted 4,000 times a day.

Siemens as a benchmark for customer service

In order to continually improve our customer relationship management, we regularly communicate with experts in sales and customer care. One important benchmarking platform in terms of managing major customers is the Strategic Account Management Association (SAMA), headquartered in Chicago, in the U.S. We play an active role in this organization and have been recognized for our contributions: our company's expertise is considered exemplary by customers and competitors alike.

To guarantee the high quality and continuous improvement of our service to customers, we developed our Account Management Excellence Program as well as a Sales Management Excellence Program. Strength-and-weakness analyses as well as training and qualification measures are carried out under these programs to ensure consistently high standards in our worldwide customer management.

In addition, we conduct structured communication with our customers in a large number of user groups. For instance, we regularly invite key industry-leading customers to so-called Customer Days to discuss how we can better adapt our portfolio to meet their particular needs or work with them in developing *Pictures of the Future* (see chapter on “Innovation” on page 64).

Ensuring quality in customer service for the long term

Fiscal 2009 was undoubtedly a year of economic difficulties for our customers and us, and as a result there was a marked decline in investment. In this context and for strategic reasons, we suspended our industry-specific Account Management system for large customers – our Market Development Boards – for the markets of financials, semiconductors and sport venues. Nevertheless, we largely managed to retain our sales resources in customer management, enabling us not only to serve our customers with the accustomed high level of quality, but also to address new industry segments such as cities, data centers and power utilities in our sales activities.

Learn more about our industry-specific products, solutions and services at:
www.siemens.com/sr/market-specific-solutions

We are consistently and successfully pursuing our sales activities in growth regions. One central factor here is the expansion of our portfolio to include more SMART products (see chapter on “Strategy” on page 22). We also responded quickly to our customers’ crisis-related reduced order potential and increased financing needs. To help meet these needs, we assisted customers with tailored financing solutions from Siemens Financial Services.

Customer and portfolio goals

Goal	Target date	Status
Present results of the Net Promoter Score.	by 7/2010	The results of the individual segments are compared to prior-year results. For competitive reasons, they are not published.
Launch Account Management for the new target markets of cities, data centers and power utilities.	by 10/2010	The Account Management for cities is already active. Data centers and power utilities will hold their first board meetings in summer 2010.
Complete training modules for Account Management.	by 4/2010	Four out of five modules were completed by the end of fiscal 2009.

SIEMENS AND PEPSI BOTTLING GROUP DEVELOP OPTIMIZED PACKAGING PLANT

Siemens technology is helping the Pepsi Bottling Group increase quality and reliability in its operations and delivers a high degree of manufacturing flexibility. A great example is the South Moscow plant – a state-of-the-art greenfield facility which started producing Lipton teas in June 2009. Here, Siemens and PBG worked together to conceptualize and execute an Optimized Packaging Plant (OPP).

The Pepsi Bottling Group (PBG) prides itself on its clear vision and commitment to operational excellence. In 2008, its international footprint represented 72 percent of PBG's total growth. It is thus critical for PBG to develop high-quality manufacturing operations that can be duplicated from country to country. Siemens technology has helped PBG increase quality and reliability in its operations and delivers a high degree of manufacturing flexibility to meet the brand's strategic vision.

No matter where PBG's customers live around the globe, they all want choice and quality at a reasonable price. And increasingly customers want their soft drinks to be produced with as little impact on the environment as possible. Through the right technology choices and partnership with Siemens for automation technology, PBG is able to deliver. **Rapid innovation to meet demand** – In Russia, Pepsi's biggest challenge was producing soft drinks quickly enough to meet the demands of the growing Russian market. When PBG decided to add a new plant in South Moscow, the company had the chance to build a showcase facility. PBG asked Siemens to conduct a comprehensive analysis of how Pepsi operated and to work closely with the company to create a vision for the future. "We started by asking Siemens to look at the way we do business and tell us what an optimized plant looks like," said Rajendra Gursahaney, Senior Engineering Director International at PBG. "We asked Siemens to recommend hardware, network architecture, and an overall package of equivalent components with equal or

better functionality at an equal or better price," Gursahaney continued. PBG's goal was to standardize its equipment and ensure complete interoperability between the components.

Siemens recommended the Optimized Packaging Plant (OPP) concept. PBG saw promise in the approach and over the next three years, PBG and Siemens worked together to crystallize their ideas about the OPP. What started out as a concept evolved into a sketch and ultimately a detailed blueprint for the bottling plant of the future.

Interoperability and seamless communications give the South Moscow plant a high degree of visualization. At any given moment, the plant manager can view each operational line on a computer screen with red, yellow and green colors indicating status. Touch controls on the graphical user interface allow him to zoom in on a red line, for example, to determine the cause of a malfunction, even down to the level of an individual valve on a filling machine. "The high degree of visualization really puts all of the information you need at any given moment at your fingertips," said Gursahaney.

The impact of the OPP blueprint could be felt throughout the South Moscow plant, as it delivered immediate improvements in training, diagnostics, maintenance, and ultimately productivity.

Next steps? Sustainability is on PBG's mind and they're already working with Siemens to monitor energy consumption on large drives. Sustainability will continue to be a focus for PBG in the future and Siemens' long record of supporting its customers' desires to reduce their carbon footprint is a strong selling point here.

"Overall, we like the idea of working with Siemens and they've been a good partner to us. We would like to get them involved in other areas at stage two of the OPP concept," Gursahaney concluded.

Strategic Account Management Association (SAMA) at: www.strategicaccounts.org

Compliance

Compliance means adherence to all applicable laws and internal rules and regulations. For us, compliance is an elementary component of integrity and, thus, the basis of sustainable, profitable growth.

In the reporting period, we integrated compliance more closely into our business processes and intensified our worldwide commitment to combating corruption. We provided detailed information on the main features of our Compliance Program in our Sustainability Report 2008 and our Annual Report 2009. Here, we report on important improvements and modifications in fiscal 2009.

Compliance has top priority

Sustainable and profitable growth rests on two pillars: excellent products, solutions and services, on the one hand, and exemplary business practices, on the other. We intend to set the standards in both areas. The success of our Compliance Program in the fight against corruption is based on the unambiguous stance adopted by our company management and the Program's rigorous implementation throughout the company. Siemens President and CEO Peter Löscher has rigorously defined our company's position: "Only ethical business is Siemens business." The principle of absolutely no tolerance for corruption applies to all Siemens managers and employees, even in economically difficult times. Our Compliance Organization provides the processes and consulting services required for adherence and helps management reach its compliance-related targets. Comprehensive prevention, vigorous detection and disciplinary sanctions – these are the basic requirements for successful integrity management.

For additional information regarding our approach to compliance management, please visit:

www.siemens.com/sr/compliance

www.siemens.com/sr08/compliance

www.siemens.com/ar/compliance

Ongoing improvements in the Compliance Program

Our Fit42010 program set a clear goal: to be a benchmark in transparency and compliance by 2010. The first interim report issued by Compliance Monitor Dr. Theo Waigel in September 2009 and the results of the second worldwide survey of roughly 90,000 randomly selected Siemens employees prove we're on the right track. But this is not enough. We've also adopted targeted measures to continuously improve our Program. During the reporting period, for example, we further simplified our compliance processes

and tools. And since the start of fiscal 2010, we've been using a new electronic system to evaluate and approve donations, memberships and sponsoring activities company-wide in accordance with clear and uniform compliance guidelines. An online training program supported the system's introduction.

From the recommendations of the Compliance Monitor and the results of the worldwide employee survey, we've derived measures to further improve our Compliance Program. These measures are regularly reviewed and reported to the Monitor. One of the first recommendations made by the Compliance Monitor called for intensifying the involvement of our middle management, who play a key role in ensuring the long-term success of our Compliance Program. The results of the employee survey confirm this assessment. Further improvements resulted from the recommendations of employees or were made in the course of clarifying compliance violations.

The Siemens Business Conduct Guidelines can be downloaded at:
www.siemens.com/sr/bcg

In the end, however, the best compliance regulations are useless if employees don't understand them or are unfamiliar with their application. That's why we've expanded our comprehensive training and communications measures step by step during the reporting period. To increase employee understanding of the Siemens Business Conduct Guidelines, the centerpiece of our Compliance Program, we've established an online training program worldwide. German and English versions of the program have been running since September 2009. Versions in 14 additional languages are now in preparation.



Reports of possible compliance violations to the compliance helpdesk

	FY 2007	FY 2008	FY 2009
Corruption / Antitrust	18%	10%	9%
Breach of trust / Fraud	0%	5%	12%
Other	82%	85%	79%

Compliance-related sanctions

	FY 2007	FY 2008 ³	FY 2009 ³
Warning	62%	66%	60%
Termination of employment ¹	30%	26%	31%
Other ²	8%	8%	9%
Absolute figures	~ 500	909	784

¹ For fiscal 2007, this category includes severance/suspension of employees, while in fiscal 2008 and fiscal 2009, suspensions are included under "Other." As a result, these data are only partially comparable.

² For fiscal 2007, this includes loss of salary components; for fiscal 2008, loss of variable and voluntary compensation elements, transfer and suspension.

³ As of September 15, 2009 and 2008, respectively.

Siemens sets the standards

The Siemens Compliance Program has also won recognition and acclaim outside the company. For example, we cultivate regular contacts with other companies and support them in developing effective compliance programs. We've further supplemented our leading position on the SAM Dow Jones Sustainability Index (DJSI World), by capturing No. 1 spots on the 2009 DJSI in the categories Risk & Crisis Management and Codes of Conduct/Compliance. For us, these ratings are both a confirmation of our efforts to date and an obligation for the future. And since we cannot master complex global challenges like corruption by ourselves, we've made a worldwide commitment to collective action – joint anti-corruption activities involving the business community, political leaders and civil society – and are participating in projects like the International Business Leaders Forum (IBLF) and the United Nations Global Compact. As part of the Global Compact and Transparency International taskforce, we've cooperated with other partners to develop new guidelines for company reporting on anti-corruption measures.

The Siemens Integrity Initiative fosters selected projects run by NGOs and international organizations to combat corruption and fraud worldwide. We're making our experience in developing an effective and efficient anti-corruption program available to external stakeholders on our company website. All these efforts are helping us achieve our aim of setting the standards for business conduct as well as for products and solutions.

Further information on "Compliance Insights" can be found at:

www.siemens.com/sr/compliance-insights

Outlook

In the future, we intend to continuously improve our Compliance Program and adapt it to constantly changing requirements. Strengthening the tone from the middle – that is, the commitment of our middle management – will be one focus of our activities. We'll also concentrate on reinforcing collective action efforts. In addition, we'll continue to proactively support the work of the Compliance Monitor.

Compliance goals

Goal	Target date
Compliance training Internal training measures to be tailored more closely to specific target groups.	ongoing
Tone from the middle Employee understanding of compliance to be reinforced by exemplary behavior on the part of supervisors, encouraging everyone to act with integrity.	ongoing
Siemens Integrity Initiative (see opposite page) The first funding round with a planned volume of approximately US\$40 million to be implemented in accordance with the defined milestones, with funding contracts concluded for this amount by the end of 2010.	by 12/2010

CREATING FAIR MARKET CONDITIONS WITH THE SIEMENS INTEGRITY INITIATIVE

Siemens has launched the worldwide Siemens Integrity Initiative with a budget of US\$100 million. The initiative will support organizations and projects dedicated to fighting corruption and fraud through collective action – joint activities by companies and institutions – as well as through vocational training and continuing education. The initiative is committed to supporting ethical market practices and fair competition.

On July 2, 2009, the World Bank Group announced a comprehensive settlement with Siemens. Under its terms, all investigations by the World Bank Group into allegations of corruption at Siemens were terminated. In return, Siemens agreed to cooperate in efforts to change industry practices and clean up procurement activities as well as to join the World Bank Group in collective action to fight fraud and corruption. In this connection, we've set up the Siemens Integrity Initiative with a budget of US\$100 million. This money will be spent over a period of 15 years and distributed in a number of rounds. The World Bank Group is entitled to audit how the money is used and may veto the selection of anti-corruption groups or programs.

Successful launch of the initiative – The first round, which was launched on December 9, 2009, International Anti-Corruption Day, will provide funding of around US\$40 million. Further rounds for distributing the remaining US\$60 million will be announced separately at later dates. "Siemens stands for ethical and sustainable business," commented Peter Y. Solmssen, member of the Managing Board and General Counsel of Siemens AG, when the first round was launched. "This initiative will boost our efforts to promote greater business integrity and fair market conditions globally. We're looking forward to making this a joint success with the World Bank and other partners."

In the first round, approximately 300 applications were submitted from 66 countries for the two main areas of collective action and education and training. Both international as well as regionally active organizations applied. The selected project proposals will be announced in the fall of 2010.

Building worldwide alliances against corruption – The selection process favors projects that contribute to the development of fair market conditions and that aim at strengthening compliance standards and legal systems. Where possible, the projects should also be located in business areas and countries where Siemens is also active.

Why Siemens supports collective action – Collective action means jointly combating corruption and forming anti-corruption alliances with a variety of interest groups. It aims at promoting fair competition, where the best bidders are awarded contracts in transparent processes that are determined solely by market conditions – in particular, quality, price, innovation and service. In other words, in fair market conditions where competition is not distorted and/or excluded by corruption and where companies acting ethically are not at a disadvantage.

Find out more about the Siemens Integrity Initiative at: www.siemens.com/sr/integrity-initiative

Environmental protection

Protecting the environment isn't just sound business practice and part of our duty as a good corporate citizen, but is also a key success factor for our company. By employing innovative manufacturing methods and maintaining high environmental management standards, we work to overcome environmental challenges throughout the world.

Environmental management

Our worldwide system of environmental management is based on the Siemens Business Conduct Guidelines. These guidelines underpin the environmental protection, healthcare management and safety principles (EHS) that define areas of responsibility, lines of reporting, and monitoring and review processes throughout the company. Specific environmental issues – relating to industrial environmental protection or hazardous materials, for instance – are covered in more detailed company regulations and guidelines. All in all, this comprehensive canon of rules is binding for all companies in which we have a stake of more than 50 percent.

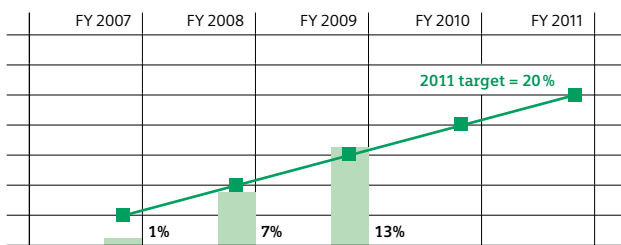
You can find out more about our environmental management at:

www.siemens.com/sr/environmental-protection

A core environmental management task is to monitor key factors and record the data necessary for tracking our environmental performance, such as regarding energy and resource efficiency.



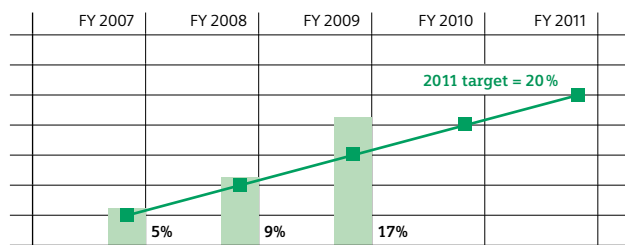
Improvement in energy efficiency – electrical energy



Environmental performance: portfolio-adjusted, based on aggregate plant revenue.

■ Power (cumulative) ■ Target (cumulative)

Improvement in CO₂ efficiency – carbon emissions from energy sources



Environmental performance: portfolio-adjusted, based on aggregate plant revenue.

■ CO₂ emissions, energy (cumulative) ■ Target (cumulative)

Our gas turbine, the most efficient in the world, was honored by the Federal German Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and the Federation of German Industries (BDI) with the first Innovation Award for Climate and Environmental Protection as the most ecofriendly products.



We do this using the Siemens Environmental and Technical Safety Information System (SESIS). It covers all company locations classed as environmentally relevant – that is, locations exceeding specific resource consumption or waste volume thresholds (our environmental performance indicators can be found in the “Facts and figures” chapter on page 107).

In addition to submitting data to SESIS, locations that exceed other, higher thresholds (see the table in the “Key figures” section on page 107) or have plants and installations requiring authorization or notification must deploy an environmental management system conforming to the international ISO 14001 standard.

To assure the quality of our environmental management systems, we commission independent audits. Our Divisions, however, are free to choose either external validation of their management systems or self-certification through internal audits. If they make the latter choice, the audits must comply with external certification standards. Newly acquired businesses are given three years in which to align fully with our environmental management requirements.

Company environmental program

We first published quantified targets in fiscal 2006 defining intended improvements in our environmental performance. By 2011, we’re aiming for 20-percent improvements in energy efficiency, carbon emissions and water consumption, and a 15-percent reduction in waste. Our performance is computed on a portfolio-adjusted basis and normalized against location revenues. All manufacturing locations required to have environmental management systems are included in these calculations.

Another of our goals is to ensure that all our locations requiring environmental management systems succeed in deploying these systems by 2011. The locations concerned are those where resource consumption and emissions figures exceed the thresholds described in the “Facts and figures” chapter and which have been part of Siemens for at least three years (see page 107).

Our goal status

During the third year of our company program, we launched numerous initiatives to help us reach our targets faster, and have had success in a number of areas. Various environmental efficiency projects at the location, Division and company levels are making significant headway. One prominent example is our Energy Efficiency Program (see the project report at the right).

We've come a long way toward achieving our environmental goals over the past three years. Our performance figures all show an improvement in efficiency – in two cases, of more than 20 percent (see pages 108–109 for details of our key performance indicators). Our challenge now is how to maintain the same level of performance over the next two years, and this will depend on the course of the global financial and economic crisis and its impact on our company. Plant revenue is our baseline performance measure, and our relative performance in the future will depend on the global business environment. In fiscal 2009, strong performance improvements by some of our Divisions offset poorer performance by others. However, if conditions change, we possibly won't benefit from a similar effect in fiscal 2010.

Successful environmental management depends on reliable data. We measure and monitor our data continually. Additional information is available at:

www.siemens.com/sr/environmental-protection-data

We've prepared project plans for all locations that haven't yet deployed environmental management systems. Our goal is for these locations to have independently audited systems in place by the end of 2011 at the latest. New locations are granted a grace period in which to align with our environmental management requirements.

Environmental goals

Goal	Target date	Status
Improve environmental performance in these areas:		
Energy: – Primary energy and district heat: 20 percent – Power: 20 percent	by 2011 (base year 2006)	In fiscal 2009, our primary energy and district heat performance improved by 25 percent and our energy performance by 13 percent.
Carbon emissions: 20 percent	by 2011 (base year 2006)	We succeeded in improving our carbon performance by 17 percent.
Water: 20 percent	by 2011 (base year 2006)	Our water performance improved 29 percent.
Waste: 15 percent	by 2011 (base year 2006)	In the area of waste, our environmental performance improved 12 percent.
Deploy environmental management systems at all locations where required.	100 percent by 2011	Project plans are in place and are now being implemented.

OPERATING WITH OUTSTANDING ENERGY EFFICIENCY

A broad-based company program to use energy more efficiently is helping us achieve our internal target of an overall efficiency gain of 20 percent. A team of experts from our Building Technologies and Industry Solutions Divisions reviewed energy performance at 90 of our locations, including our turbine factory in Görlitz, Germany. We went there to find out what the leading maker of industrial steam turbines for solar-thermal power plants and other generating facilities is doing to reduce energy consumption.

Some distance from the facility, we can already see several huge steam turbines awaiting transportation to countries around the world. A few minutes later, we're greeted at the entrance to the factory floor by Uwe Wittig, the plant's manager. "Welcome to our plant. This is a historic facility, and we have workforce of nearly 1,000 employees making customized industrial steam turbines. We're proud that we've succeeded in steadily making our manufacturing operations more efficient and ecofriendly in recent years. And it hasn't always been easy to reconcile investing in energy efficiency with the need for a swift return on investment," says Wittig as we enter the new assembly hall. "We opened this building in the summer of 2009 and we can assemble up to 100 turbines a year here. We worked closely with Siemens Real Estate to ensure that the plant conforms to the European Union's GreenBuilding standards," he explains with a hint of pride.

Here, between high-tech machinery and turbine components, we also meet Jürgen Kober, the head of engineering, who provides more details. "At our Görlitz turbine factory, environmental protection is about more than just complying with statutory regulations. When we redesigned our three manufacturing halls, which cover a total area of 9,000 square meters, we made sure we complied with all EU GreenBuilding criteria from the very outset. As a result,



Our Görlitz plant is the world's most advanced turbine manufacturing facility. Initiatives to improve its energy performance also make it one of the most ecofriendly.

we've been able to achieve energy savings in excess of 3,000 gigajoules – roughly the amount consumed in a year by 40 households," adds Kober before leading us to the next stop on the tour.

"This is the test stand for the industrial steam turbines we build. By optimizing the water and steam circulation systems, we've cut our fuel oil consumption by 10 percent and cooling water requirements by around 12,000 cubic meters a year," plant manager Wittig is pleased to report.

As we head back to the factory gate, Kober reveals that Görlitz still has enormous energy-saving potential. Wittig adds: "The state of the buildings here, some of which are of historical value, makes implementing energy-saving solutions difficult. But it's an interesting challenge, and we're doing our utmost to be able to present the team of testers from Siemens' energy efficiency program with outstanding results the next time they check the facility."

Find out how we monitor environmental management at: www.siemens.com/sr/environmental-protection-monitoring

Product responsibility

Product responsibility at Siemens goes beyond “cradle-to-gate” to encompass the entire product lifecycle. With well in excess of 100,000 different products and solutions, it’s essential that we work to unified design and development standards and that we correctly implement legal regulations and requirements while continuing to improve energy and resource efficiency.

We work to an in-house design standard, SN 36 350, across all our Divisions. This standard aims at ensuring environmental compatibility across product’s and systems’ entire lifecycles and provides the basis on which we develop ecofriendly technologies. Key to this approach is that we take into account the fact that 90 percent of a product’s environmental impact over its lifecycle is determined in the development phase by functional and design specifications and other criteria, even though these only come into play once the finished product enters active use. We understand that our responsibility for our products and solutions extends to far more than the manufacturing process alone.

More information on our 36 350 standard is available at:

www.siemens.com/sr/sn36350

Central to SN 36 350 are its requirements regarding materials management, which in some instances are more rigorous than required by law. For instance, as part of our Fit42010 program we’ve begun voluntarily migrating manufacturing over to lead-free soldering methods even for those electrical and electronic products that don’t fall under the RoHS directive on the use of hazardous substances.

Lifecycle assessments

We employ full-scale lifecycle assessments (LCA) based on the international ISO 14040 ff suite of standards or, alternatively, screening lifecycle assessments as a means of gauging the environmental impact of products and systems. LCA tools help us to identify the “ecological rucksack” associated with our products and solutions. These analyses enable us to take steps during the design and development phase to eliminate or at least minimize a product’s potential environmental impact. We believe it’s essential to thoroughly understand the entire lifecycle of products and solutions, even if, in the majority

Lifecycle assessments help us compute a product’s “ecological rucksack” during its development phase:

www.siemens.com/sr/lca

of instances, the key factor in the scale of a product's environmental footprint is the power it consumes during its period of active use. LCAs help us prevent environmental impacts from being shifted unnoticed from one lifecycle phase to another. The findings from our lifecycle assessments also provide us with the base of information we need to underpin the statements we make in our environmental product declarations.

At the transition from fiscal 2008 to 2009, we found that, in spite of the ongoing decline in the global economy, we had widened the coverage of our lifecycle assessments on a revenue-adjusted basis. In other words, we had succeeded in further increasing the number of LCAs we conducted to assess the environmental impact of our products and systems.

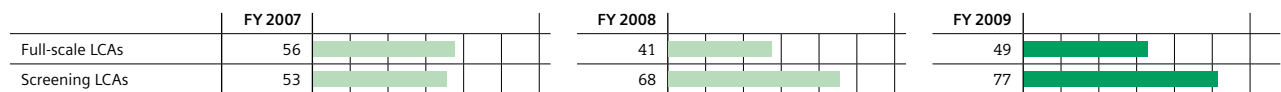
The large-scale reorganization at Siemens in recent years had an effect on our revenue-adjusted key performance indicators for fiscal 2007 and 2008. Although full-scale LCAs decreased in percentage terms, we in fact carried out lifecycle assessments for additional categories of products during fiscal 2007 and 2008. LCA coverage in relation to revenue may have contracted, but this was because our former Power Generation and Power Transmission and Distribution Groups had been assigned to our newly formed Energy Sector. The organizational changes are no longer relevant as far as our key performance indicators (KPIs) are concerned, and our figures for fiscal 2008 and 2009 are directly comparable.

Environmental product declarations

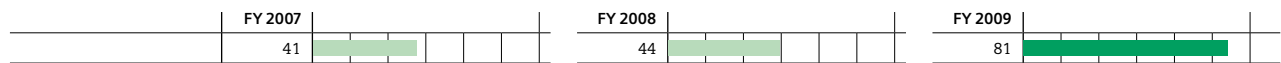
We publish environmental product declarations (EPD) to inform our customers about our products' environmental performance. These declarations summarize essential information for customers clearly and concisely. We plan to further increase the number and coverage of the EPDs published by our Divisions by the end of 2010.



Lifecycle assessments (LCA) (percent)



Environmental product declarations (EPD) (percentage coverage of revenue)



Reference base: Divisions that are obligated by the Environmental Program to publish EPDs or prepare LCAs. We don't track coverage on a product basis within Divisions; here, figures are based on each Division's total revenue.

The revenue-adjusted figures for our environmental product declarations show that coverage has increased sharply, year-on-year. We attribute the rise in the number of EPDs to our Fit42010 program and its success at raising awareness company-wide of the importance of EPDs. Especially in the Industry and Energy Sectors, four new Divisions now publish EPDs for selected products and systems in their portfolios. Going forward, we will continue increasing our EPD coverage where appropriate.

Our environmental product declarations contain precise information on the environmental footprints of our products:

www.siemens.com/sr/epd

Product responsibility goals

Goal	Target date	Status
Increase the number of business areas voluntarily discontinuing the use, in electronic products, of materials restricted by the RoHS directive even though the products are not affected by RoHS regulations. This applies to all business areas engaged in manufacturing electronics, which currently covers 90 percent of our product base. ¹	ongoing	Thirteen Business Units engaged in electronics manufacturing operations are now equipped for lead-free soldering even though, for the most part, they're not bound by RoHS requirements. However, full transition to a lead-free process is currently impossible in the case of certain spare parts and a number of products about to be discontinued because process changes would be uneconomical. These parts and products containing lead will continue to be sold.
Increase the number of Divisions with environmental product declarations based on our SN 36 350-7 standard. Our Drive Technologies, Industry Solutions, Power Transmission, Power Distribution, Fossil Power Generation, and Renewable Energy Divisions are expected to publish EPDs.	by 9/2010	We succeeded in further increasing the number of environmental product declarations in our Divisions in fiscal 2009. Building Technologies alone has now published over 1,000 EPDs. We've partially succeeded in achieving our goal of having EPDs published by our Drive Technologies, Industry Solutions, Power Transmission, Power Distribution, Fossil Power Generation and Renewable Energy Divisions. Drive Technologies, Power Transmission, Fossil Power Generation and Renewable Energy have published EPDs. EPDs from the Industry Solutions Division are being prepared and will be published in fiscal 2010.
Develop training modules on: – Environmentally compatible design of products based on Siemens Norm SN 36 350 (developers' module). – Integration of materials restrictions into requirements for suppliers (procurement module).	by 10/2009 by 10/2008	We reached our goal. Since its introduction in March 2009, we've defined our basic training module content. This currently comprises ten sections on product-based environmental protection that address internal factors relevant for developers plus overarching factors important for coordinators responsible for product-based environmental protection. This goal has been implemented specifically by Division.
Completely integrate materials restrictions into agreements with suppliers.	by 10/2010	The basis for compliance is the Siemens in-house standard 36 350, Part 2 "List of substances requiring declaration." Relevant suppliers ² are required to comply with this. If products we source with suppliers contain a product requiring declaration, suppliers can either declare the products in BOMcheck online or submit declarations in a Siemens-defined format. The requisite contractual terms have been defined and are being gradually incorporated into supplier agreements.

- ¹ A Business Unit is considered converted when at least 90 percent of its products comply with this voluntary commitment. One-hundred-percent conversion is not always possible as some products cannot be changed for technical or economic reasons (component availability requirements and long-term delivery obligations, for example).
² Relevant suppliers are those suppliers who supply any kind of item (other than software) or hardware that is part of, or integrated into, a finished product. Examples include cables, circuit boards, casings and gear assemblies.

Project //

Lillgrund offshore wind farm

AN OFFSHORE WIND FARM'S ECOBALANCE

Over the past few years, Siemens has built one of the world's largest offshore wind farms, Lillgrund, off the Swedish coast. In fiscal 2009, we conducted a lifecycle assessment (LCA) on behalf of our customer Vattenfall to assess the facility's cradle-to-grave environmental footprint. The LCA enabled us to compute the full scope of the wind farm's impact on the environment, providing us with valuable insights that will benefit similar installations in the future.

In the Oresund strait, seven kilometers off Malmo's coast, 48 wind turbines on 20-meter-high concrete foundations rotate in the Baltic breeze. This is Lillgrund, an offshore wind farm that generates 110 megawatts of electricity – enough to supply around 60,000 homes – nearly carbon-free. Compared to the fossil energy mix, Lillgrund saves roughly 300,000 tons of carbon emissions a year. Siemens supplied the entire wind farm, complete with its grid connection, to Swedish energy utility Vattenfall as a turnkey project.

But how does Lillgrund impact the environment? Specialists at Siemens sought to answer this question with a lifecycle assessment focusing on two main factors: the wind farm's carbon footprint, and how long it would take for the power generated by Lillgrund to offset the energy consumed in building and operating the facility. "The term carbon footprint describes the quantity of greenhouse gases caused by a product over the course of its lifecycle," explains Siemens Energy's Falko Parthey, who headed the LCA. "To calculate the footprint, we analyzed all 48 turbines, the transformer station, the foundations and the link to the grid. We based our analysis on the standard method that we apply with any power plant."



With 48 wind turbines and a transformer station out at sea, the Lillgrund offshore wind farm is one of the largest of its kind anywhere in the world.

Working to the ISO 14040 environmental management standard, Siemens' team of three experts examined all key phases in the wind farm's lifecycle. They began with the materials used, because the extraction of raw materials – ores, for example, and their processing to produce steel by the suppliers – had to be included in the analysis. Our engineers also assessed the production processes, transportation and commissioning as well as the active use phase, maintenance and eventual disposal. "Thanks to the excellent support we received from our suppliers, we were able to obtain quality data," Parthey is pleased to report. "In future analyses, we plan to collaborate even more closely with suppliers and discuss the detailed findings for their respective components." The analysis produced valuable findings: the size of Lillgrund's carbon footprint and the quantity of carbon emissions avoided. The exact results of the analysis will be published online as a Type II environmental product declaration in line with the ISO 14021 standard.

Vattenfall is also extremely pleased with the outcome of the lifecycle assessment. Anders Dahl, CEO of Vattenfall Vindkraft AB, said: "It's really satisfying to be able to build a new power generating facility on this scale to high environmental standards" (Vattenfall CSR Report 2005, page 19).

You can find more about Lillgrund in the Oresund strait at: www.siemens.com/sr/lillgrund
For more information on our lifecycle assessments, see: www.siemens.com/sr/lca

Occupational health and safety management

Occupational health and safety are core to our corporate culture and fundamental to our success as a company. We engage in extensive, management-driven safeguard initiatives and prevention programs to protect our employees.

Management approach

Occupational Health and Safety (OHS) initiatives at Siemens all follow a fundamental principle: their focus is not on short-term benefits but on the long-term results that can be achieved with successful health and safety management. Our Business Conduct Guidelines, our internal monitoring systems and our Compliance Program all address occupational health and safety management, and company-wide internal guidelines defining company OHS policy were introduced in 2002. Stakeholder engagement is an important instrument for making the importance of making occupational health and safety management transparent to the public. Typical of the numerous exchanges with stakeholders in the U.S. are our quarterly meetings with the internationally active employment agency ORC that cover various occupational health and safety issues. In addition to Siemens, a number of Fortune 50 companies also take part in the meetings.

Additional information on occupational health and safety management can be found on our website:

www.siemens.com/sr/ohs

The breadth of our business activities in the roughly 190 countries in which we operate poses a variety of potential health risks for our employees. We address these risks through centrally defined yet globally applicable rules combined with locally aligned and focused programs where we operate. We regularly assess the effectiveness of our measures and initiatives by tracking key performance indicators. Currently, these are the lost-time injury frequency rate (LTIFR) and the number of fatal accidents among our own and contractors' employees. These figures are listed in the chapter "Facts and figures" on page 114. As part of our efforts to further refine and advance our global EHS management program, we plan to introduce additional key performance indicators. With accidents in general and with fatal accidents in particular, we meticulously investigate the causes so we can take steps to prevent recurrences. These efforts center not just on making technical improvements but also on training employees and their managers more effectively. We also call in outside teams of independent experts to investigate the causes of fatal accidents. We make the causes known within the affected unit (and others, as appropriate) to ensure that the requisite changes are made to machinery, installations and procedures to prevent recurrences.

We place particular emphasis on training and educating our employees. At company plants, we engage in extensive measures in a variety of fields, including electrical safety, fire protection, road safety, first aid and evacuation drills. The scale of these initiatives is exemplified by our Regional Company in Brazil which held over 2,000 training courses for around 10,000 employees in fiscal 2009.

We commission independent, outside bodies to review and verify the quality of our occupational, health and safety systems (see "Facts and figures" on page 116), and in 2009 succeeded in qualifying for a number of additional external certificates.

Health management

Successful health management relies on active and visible commitment from top management: All our executives bear special responsibility for ensuring that legal requirements and standards are implemented in accordance with guidelines and relevant national regulations.

In fiscal 2009, we created the post of Corporate Medical Director, a function with worldwide responsibility. The Director's task is to unify and steer our health management activities worldwide in collaboration with health promotion, medical services and social counseling. Health management at Siemens is an expression of our new self-perception as a company, not only ensuring health protection, but making health promotion integral to our business processes. While our occupational health and safety initiatives previously centered on guarding against work-related health risks, they have now been broadened to include measures for fostering general health and strengthening employee health resources. This approach is fundamental to effective long-term health management, but can succeed only with management support at every level and if health is an elementary part of our corporate culture.

The safe handling of working materials is an issue of particular importance to us, and a careful search for alternatives to especially hazardous materials will be part of our forthcoming global company program. In terms of our total employee base, the overall number of work-related illnesses at Siemens AG has remained at a low level for many years now. For the most part, these are cases of noise-induced hearing impediments or illness as a result of earlier exposure to asbestos. The occupational illness frequency rate (OIFR) in fiscal 2009 was 0.37. We're currently unable to report on job-related illnesses at entities other than Siemens AG. International data wasn't kept in the past since our health management wasn't organized on a global scale. Now that EHS has been reorganized company-wide, we'll be in a better position to collect this data more extensively and to introduce appropriate measures.



Key occupational health and safety indicators

	FY 2007	FY 2008	FY 2009
Lost-time injury frequency rate ¹	n.a. ²	0.81	1.20
Fatal accidents at Siemens and its Regional Companies	2	1	3
Fatal accidents at contractor companies	n.a.	4	3

¹ Lost-time injury frequency rate: Number of lost-time injuries (LTIs) x 200,000 work hours; LTIs are accidents that lead to at least one lost working day.

² We first began a differentiated analysis of LTIFR by Sector in fiscal 2008 with the new organization of the company. For this reason, there are no figures for fiscal 2007. Full coverage of the Sectors was not yet achieved in fiscal 2009. The figures in this Report cover 76 percent of the company's employees.

Notes on targets

We completed our EHS reorganization across Siemens in fiscal 2009. The program and the health and safety targets announced in our last Report are being integrated into our new and unified company EHS program. The initiatives and steps for achieving our EHS goals will be defined during the course of fiscal 2010.

Occupational health and safety management goals

Goal	Target date	Status
In the Healthcare Sector, reduce the number of industrial accidents to less than five per 1,000 employees.	9/2010	We reached this goal. The figure is currently 4.3 work accidents per 1,000 employees.
Introduce an occupational health and safety management system according to OHSAS 18001 or a comparable standard in all company units.	9/2012	The number of external verifications of occupational health and safety performance in the Divisions and Regional Companies increased from 12 in fiscal 2008 to 20 in fiscal 2009.
Perform and document hazard evaluations at all workstations where this is not already required by national law.	9/2012	Definition of project stages currently in progress.
Examine all materials with especially hazardous properties that are used in production, maintenance, and service, and determine whether there are less hazardous substitutes or alternative methods that would eliminate those materials.	9/2012	Definition of project stages currently in progress.
Beyond statutory requirements, we catalogue and document tools, equipment, production facilities and systems that still contain asbestos. The need of substitution will be further assessed. The limit of exposure to employees must ensure threshold limit values and has to be as low as readily achievable.	9/2012	Cataloguing and documentation is ongoing. The elimination of asbestos has been executed in the past. International "Basis Principles for Protection Against Exposure to Asbestos" took effect in 2002 and are continuously updated. The principles also focus on reducing any exposure to asbestos. In the new EHS program, other hazardous substances will be evaluated.
Develop and introduce a healthcare policy for Siemens employees worldwide and derive from it a basic, globally uniform healthcare concept for all business travelers.	9/2012	Definition of project stages currently in progress.
Review our risk management to identify further options for improving our occupational health and safety performance. We will report on the results of the review and any further steps taken in the Sustainability Report 2010.	4/2010	Occupational safety is a mandatory part of our risk and internal control (RIC) process (see "Risk management" on page 34). Each year, the heads of our Divisions, Business Units, Regional Companies and Affiliated Companies affirm to Siemens management that their respective entities conform to the requirements defined in the OHS principles. As a rule, this affirmation must be based on an auditable self-assessment.

Program //

Safety@Wind

PUTTING SAFETY FIRST

Building offshore wind parks involves installing heavy components – often weighing many tons – out on the open sea, making it a tough and dangerous job for construction crews. In work environments like this, it's crucial to ensure worker safety at all times. This is why Siemens Wind Power introduced Safety@Wind – just one of the programs in a global drive by Siemens to bring lasting improvements to its safety culture throughout the company.

Thirty kilometers off Denmark's west coast lies Horns Rev II, the world's largest wind farm. Completed in 2009, the farm has 91 2.3-megawatt wind turbines, capable of delivering up to 210 megawatts of power to Denmark's grid. In the years ahead, these turbines will need to be maintained – a task for experienced service engineers like Jesper Møller. In his job, an ease with heights, strong sea legs and a complete lack of claustrophobia are an absolute must, because getting to work involves roping up, climbing narrow ladders and riding cramped service elevators to the tops of turbine towers. But Jesper Møller is thoroughly prepared for working 65 meters up in the air, high above the ocean.

Dry practice – Once a year, Møller attends a three-week program at one of Siemens' wind power training centers to refresh his knowledge and learn about new standards. Top on the agenda are safety and engineering. One of these training centers is in Bremen, Germany. It's equipped with a 2.3-megawatt wind turbine, a control systems simulator, ladder systems, scaffolding, a model crane and tower. "It's essential that, in addition to receiving theoretical classroom training, engineers have an opportunity to practice maintenance tasks on the real thing," says Møller. And project manager Nils Gneisse adds: "Here, our people can put into practice what they've learned about the technical processes in wind turbines and the safety issues involved in building, operating and maintaining these systems." In addition to Bremen, Siemens has similar centers in Brande (Denmark), Newcastle (Britain) and Houston (U.S.) which, together, train around 1,000 engineers a year.



For us, safety at work has the highest priority – at land and at sea.

Golden rules – An integral part of the multistage Safety@Wind program, which launched in 2007, are seven golden rules that Jesper Møller and his colleagues rigorously follow. With these rules, Siemens Wind Power's Environmental Protection, Health Management and Safety department (EHS) is helping to instill and promote a culture of safety throughout the company.

"Our new reporting tool, KRIMA, is also a real benefit," says Møller, "because it helps us learn from hazardous situations that we encounter. Through KRIMA we can share information on how coworkers have run into difficulties and how they reacted at the time." KRIMA, whose name derives from the German for "crisis manager," is one of more than 200 initiatives introduced by Siemens Wind Power in 2009. Implementation of these initiatives was tracked over the course of the year, and the results proved to be outstanding: At its 2009 annual conference, EHS was able to report that it had achieved 93 percent of its targets. And for Jesper Møller and his colleagues, work has become a whole lot safer.

More information about our wind turbines can be found at: www.siemens.com/sr/wind-power-solutions

Employees

For us, securing jobs in difficult economic times, providing appropriate training and continuing education for our people, and complying with all relevant international standards are examples of the social dimensions of sustainability.

Protecting the fundamental rights of employees

Siemens accepts its social responsibilities, and respects and upholds the fundamental rights of its employees. Underscoring this commitment, Siemens joined the United Nations Global Compact in 2003. As a company, we declare our adherence to core principles such as the UN's 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 of the United Nations. These various principles are also reflected in our Business Conduct Guidelines. We list the fundamental rights of employees relevant to Siemens in the "Facts and figures" chapter on page 116 ff.

We expect our employees, suppliers and business partners worldwide to comply with our corporate guidelines and recommendations. For more information, see:

www.siemens.com/sr/guidelines

Working together to safeguard employment

Fair-minded collaboration among company management, employees and employee representatives plays a central role at Siemens. This collaboration includes sharing information on all sides in a timely manner and maintaining an open dialogue among all parties.

The Siemens Europe Committee is a Europe-wide works council that discusses and acts on cross-border matters that are relevant to agreements between the company management and employee representatives. We also ensure that our employees and their representatives are kept informed and consulted throughout the world in the manner customary in each country. Moreover, we have an agreement with the General Works Council of Siemens AG in Germany to discuss issues of global relevance with its leadership.

A close dialogue with our employees and their representatives is especially important for us, for only by working as a team can we prevail even in difficult economic times.

Especially in difficult economic times, measures that safeguard employment are of special concern. For the job reductions precipitated by our global program to reduce sales, general and administrative costs launched in 2008 and continued into fiscal 2009, we sought socially responsible solutions. In these efforts and their specific measures, we involved the General Works Council in Germany, the European Works Council and local employee representatives in those countries where required.

In fiscal 2009, we worked with the General Works Council to define guidelines for appropriate personnel measures to safeguard employment. These guidelines have been and will be applied at affected locations in Germany in times of short-term business downturns. In accordance with these guidelines, we will first seek to exhaust all possible operating measures for adjusting employment and working conditions. These are generally measures that avoid income reductions for employees such as flexible working hours and drawing down vacation time, reduced overtime, expiration of short-term employment agreements, or personnel exchanges. If these measures are not sufficient to compensate for short-term declines in revenue, then other responses could include applying the employment protection collective agreement or introducing reduced working hour arrangements.

To keep down net compensation losses under reduced working hour arrangements in Germany, Siemens and the General Works Council have agreed on a uniformly regulated company subsidy on top of the government supplements to individual net compensation – to equal up to 85 percent of regular net pay. Time-off under reduced working hour arrangements is to be used for qualification and training measures.

With the help of job-securing measures, we managed to absorb short-term volume declines fairly well worldwide in fiscal 2009. However, if structural changes in business prove to be more permanent and the company's current short-term employment-protecting measures are not sufficient, then further adjustments will have to be considered in certain business units or locations to compensate.

It should be noted in this context that the decline in the company's workforce by 22,000 in fiscal 2009, as shown on pages 118 f., is attributable not only to job cuts but to natural fluctuation and divestments.



Employee fluctuation rate (in percent)

	FY 2008					
Employee decision	6.9					
Other reasons for departure	6.7					
Total	13.6					
	FY 2009					
Employee decision	6.1					
Other reasons for departure	11.3					
Total	17.4					

Expenditure on continuing education

Per employee ¹ (in euros)	FY 2007 ²			530
	FY 2008			582
	FY 2009			562
Total (in millions of euros)	FY 2007 ²			211
	FY 2008			249
	FY 2009			228

1 These figures are a mathematical average.
2 Travel expenses were shown in fiscal 2007, so the figures are not comparable.



Good childcare and a balanced relationship between work life and family life is an important advantage for a company competing for the best employees. Here Siegfried Russwurm, Chief Human Resources Officer, visits a Siemens daycare center.

Continuing education and HR management

We promote the qualification and expertise of our employees at all locations. In fiscal 2009, we invested around €228 million for this purpose – which equals about €562 per employee (see the graph on page 119). This includes investments for specific training courses and programs for individual employees and for entire organizational units. Among these were the business courses provided by our global Learning Campus department.

Further information about training and continuing education programs at Siemens can be found at:

www.siemens.com/srl/employee-training

We provide our next-generation managers targeted preparation for their future responsibilities through the Siemens Leadership Excellence Program. For our technical experts, known as key experts, we have created a special career path.

Diversity

As a global technology company, Siemens must be able to recruit talented people around the world and create an environment in which they can best develop and contribute their skills within the company. Anchoring the idea of diversity throughout the company is especially important for ensuring our ongoing success as an enterprise.

We have people from 140 countries working in our ten largest Regional Companies alone – an enormous range of talents and experience that greatly benefits us. Diverse teams with a broad spectrum of skills, experience and qualifications increase the wealth of ideas in the company and strengthen our power to innovate. Our teams also reflect the diverse composition of our customer base and help create competitive advantages for Siemens throughout the world. Our Guiding Principles for Promoting and Managing Diversity, used worldwide, help ensure the best conditions for workforce diversity.

To build on these competitive advantages, we created the position of Chief Diversity Officer in 2008. Since then, the Global Diversity Initiative has supplemented our guidelines and has pushed the strategic planning and systematic expansion of diversity measures. Three defining principles govern our efforts in this area:

To find out more about diversity at Siemens and our specific diversity guidelines, please visit:

www.siemens.com/sr/diversity

www.siemens.com/sr/diversity-guidelines

- We hire the best people for all positions, regardless of ethnicity, individual background or sex.
- Our junior managers can obtain broad experience across national boundaries and thus develop their full potential.
- By anchoring diversity as a fundamental value throughout the company, every single employee experiences a motivating sense of being appreciated.

Diversity strategy

We plan to integrate the fundamental principle of diversity, as well as the processes that promote diversity, throughout the company by 2011. We do not set quotas, but our guiding purpose is clear and firm: "Recruit and hire the best and make them feel like part of the company, regardless of their individual backgrounds or personal characteristics."

As part of our diversity strategy, we began to record and analyze relevant data in fiscal 2009. As part of these efforts, we developed a set of parameters that would make measuring processes in human resources more transparent and better demonstrate progress. These parameters cover five areas and are defined in a scorecard as follows: professional knowledge, diversity on all levels, composition of our top talent pool, culture and branding, and experience mix (for further details, see the chapter on "Employees" in the Facts and figures section on page 117).

Diversity also in management positions

In fiscal 2009, we systematized the recruitment processes for key management positions in our company to help ensure that the preliminary selection of candidates reflects the diversity within the company. When filling such positions, the Managing Board always takes diversity aspects into account. In recent years, the proportion of women in management at Siemens has risen steadily and has nearly doubled since 2002 to around 13.6 percent in fiscal 2009.

Networks promote the diversity concept

To support the variety of measures aimed at sensitizing all employees to diversity issues, we began in fiscal 2009 by establishing three global networks: a group of diversity ambassadors from 33 nations, an organization of 350 junior managers from the high-growth BRIC countries, and the Global Leadership Organization of Women (GLOW), a forum for women in management positions that brings together 150 women managers from around the world.

Bringing family and work into balance – strengthening diversity in the company

The ability to successfully balance work, family and career has increasingly become a crucial factor for attracting employees and potential employees. At many of our locations worldwide, we therefore foster a better harmonization of work time and childcare time, providing flexible work time models and the option of part-time work or telecommuting.

Balancing family and work life – a goal as well as a continual challenge:

www.siemens.com/srl/work-life-integration

At the same time, particularly in Germany, Siemens is expanding the availability of childcare options near the company, such as nurseries, daycare centers and children’s after-school centers – taking local conditions into account. Offering around 450 childcare spaces, Siemens is among the leading large corporations in Germany in this respect. We are also involved in organizing school vacation programs. In 2009, around 2,000 school vacation spaces were made available throughout Germany. Employees also maintain access to the company intranet and their e-mail accounts during parental leave. Special training programs help our employees return to work after parental leave. Siemens in Austria also offers company-run childcare centers or childcare options at nearly all locations. This has led to a large proportion of employees returning to work after parental leave. In Belgium, Siemens offers its employees pediatric care by professional providers and school vacation childcare in the form of summer camps and group travel.

Employee goals

Goal	Target date	Status
Employee participation – Roll out the Siemens Share Matching Plan in 50 more markets.	9/2009	We have rolled out the Share Matching Plan in 48 countries so far. A total of 120,000 employees now participate in the plan.
Employee recruitment – Implement a worldwide recruiting standard.	9/2010	In fiscal 2009, we defined a recruiting standard; training and global implementation will take place in 2010.
Employee qualifications – Establish a Global Learning Landscape for developing competence in business learning and implement it in the relevant Regions.	9/2010	We have developed fundamental learning programs for five core competences: General Management, Sales/Marketing, Manufacturing, Human Resources, and Information Technology. Some of the learning programs have already started, others will begin in fiscal 2010 and the remainder in the course of the calendar year. Three more learning programs are being prepared: SCM/Procurement, Quality, and Engineering.
– Further expand the online Global Learning Portal for employee training and continuing education.	9/2010	The Global Learning Portal will be expanded in fiscal 2010.
Diversity – Define key performance indicators to quantify and manage diversity at Siemens.	9/2009	We reached our goal. We developed a scorecard with five areas: “Professional Knowledge,” “Diversity on all Levels,” “Top Talents,” “Culture and Branding,” and “Knowledge Sharing.”
– Systematically cultivate diversity among our managers.	9/2011	We systematized our recruiting processes for key management positions and added diversity components (see page 91).

Project //

Training is the best integration

SIEMENS GIVES LATE BLOOMERS A CHANCE

Even in hard times, Siemens views the sustainable recruitment of next-generation employees, along with occupational training and continuing education for young people, as a core responsibility. Siemens Professional Education has set up successful programs in Germany to achieve these goals. One of these programs is designed to help young people with less than ideal prospects, such as Holger.

Holger is 17 years old and comes from a small town. "After graduating from secondary school, I tried for two years to get an apprenticeship. But no luck. My grades were just too bad, because while I was in school all I thought about was my music and my band," Holger admits.

Program for disadvantaged youth – At Siemens, young people like Holger are given a chance to complete training as a mechatronics or electronics technician. The allocation of training positions is based on regional youth unemployment rates. Siemens works closely with Germany's Federal Employment Agency in the preselection and recruitment of candidates. All applicants must undergo the normal selection process at Siemens and pass written and oral exams.

Of 2,300 new hires in 2009, 250 training spots were reserved for disadvantaged youth – the same number as in the preceding year. The project is funded with around €30 million, and, aside from unemployed school graduates like Holger, is aimed at young adults who have applied for training positions for a longer time without success and young people with immigrant backgrounds.

"Through this commitment, we want to provide opportunities for vocational training to young people who were unsuccessful in the selection process due to below-average performance in school or deficits in basic skills," explains Siegfried Russwurm, Chief Human Resources Officer, describing the principle behind the project. After all, good vocational training is a crucial prerequisite for overcoming social exclusion over the long term. Siemens wants to make a contribution here.



Siemens trains around 10,000 young people at about 50 different Siemens locations, including around 6,800 for Siemens itself and 3,100 for outside companies.

Support during training – In conjunction with their training at Siemens, young people are offered across-the-board assistance programs and seminars (for example in mathematics, physics or English) from external partners like the Kolping Educational Institute. "This remedial help in school subjects is really useful," Holger says. "I also think it's good that there is always someone I can talk to about my future plans, such as whether I should go for more education or how I can best prepare for exams. That's a real help." This guidance for young people throughout their training is a major factor in helping them learn how to cope with setbacks and make it through lean times.

What Holger likes most is the local sports program, which is a key help in developing social skills like perseverance and self-motivation, learning teamwork and reducing aggressive behavior. On top of all that, it's fun. But Holger would still make one recommendation: "A small music program wouldn't be bad, either. I could really make a contribution there!"

Information on training and the application process at: www.siemens.com/sr/employee-training

Suppliers

To Siemens, sustainability in the supply chain means using excellent and innovative suppliers to generate long-term added value – and acting with clear economical, ecological and social responsibility. We can achieve this only by working even more closely with our suppliers and integrating our sustainability principles into all relevant business processes.

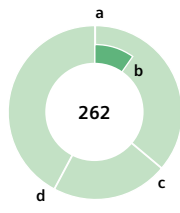
Supply Chain Management at Siemens

In the course of fiscal 2009, we sourced goods and services worth about €37 billion in 177 countries. This makes Siemens one of the largest purchasers in the world. In a period of worldwide economic and financial crisis, we face the challenge of securing a stable supplier base while at the same time tapping additional procurement potential. To achieve this, we will more intensively pool our purchasing volumes, reduce the number of suppliers, and work more intensively with suppliers in emerging countries as part of our Global Value Sourcing Program. We are aware that we have a considerable influence on the societies and environment in our procurement markets. To maintain a sustainable supplier base in the future, we are continuously improving the relevant procurement methods, processes and systems company-wide. In this way, we actively minimize risks – in particular compliance and insolvency risks – while sharing our knowhow with suppliers to implement sustainable business practices in our supply chain.



Number of Corporate Responsibility Self Assessments by Region in 2009

a	Europe, C.I.S. ¹ , Africa, Middle East	95 (36.2%)
b	including Germany	28
c	Americas	57 (21.8%)
d	Asia, Australia	110 (42.0%)



¹ Commonwealth of Independent States.

Outcomes of Corporate Responsibility Self Assessments by category in 2009

Category "green" (no deviations)	100	<div style="width: 100%;"></div>
Category "yellow" (slight deviations) ¹	49	<div style="width: 49%;"></div>
Category "red" (suspicion of major deviations) ¹	17	<div style="width: 17%;"></div>
Eliminated for business	0	<div style="width: 0%;"></div>
In process ²	96	<div style="width: 96%;"></div>

¹ Clarification of situation by responsible buyer and agreement on corrective measures within a defined timeframe (grace period), or sustainability audit by independent auditor.
² Corporate Responsibility Self Assessments initiated toward the end of fiscal 2009 and therefore not completed by the end of the reporting period.

Find out more about the Code of Conduct for Siemens Suppliers at: www.siemens.com/sr/code-of-conduct

Sustainability as a mandatory requirement for supplier selection

Siemens requires all its suppliers to comply with the principles of the Code of Conduct for Siemens Suppliers and to support its implementation in their own supply chains as well. As of this reporting year, our mandatory company-wide reporting and monitoring processes ensure that all our suppliers fulfill this obligation. Our supplier-specific qualification process is a fundamental part of supplier selection. We use it to ensure that a supplier meets certain minimum environmental and social performance standards in addition to economic criteria. We continued to standardize and implement the process throughout the company during the fiscal year.

Supplier evaluation

We regularly review and evaluate the performance of our suppliers to ensure effective implementation of our sustainability requirements in the course of our business relationship. During a risk evaluation, suppliers are assessed according to a uniform company-wide set of sustainability criteria. The criteria cover legal compliance, social and ethical responsibility, environment, occupational health and safety, as well as sustainability in the supplier's own supply chain. We plan to present a sustainability award to our suppliers in 2010 for the first time, based on this evaluation.

Verifying supplier compliance with our sustainability requirements

Parallel to the evaluation, we use four methods (see also the graph on page 121) to determine whether the requirements of the Code of Conduct for Siemens Suppliers are being implemented in the supply chain and observed over the long term. These detection modules follow a risk-based approach and include the following:

- Corporate Responsibility Self Assessments,
- Supplier Quality Audits with Corporate Responsibility Module,
- Incident Driven Inspections,
- External Sustainability Audits.



Number of Supplier Quality Audits with Corporate Responsibility Module by Region in 2009

a	Europe, C.I.S. ¹ , Africa, Middle East	98 (28.6%)	
b	including Germany	22	
c	Americas	35 (10.2%)	
d	Asia, Australia	210 (61.2%)	

¹ Commonwealth of Independent States.

Agreed-upon improvement measures within Supplier Quality Audits with Corporate Responsibility Module by category in 2009

a	Legal compliance and corruption/bribery	349 (28.8%)	
b	Human rights	111 (9.1%)	
c	Child labor	3 (0.2%)	
d	Occupational health and safety	286 (23.6%)	
e	Environmental protection	293 (24.1%)	
f	Supply chain	172 (14.2%)	

After identifying potential for improvement, we agreed with suppliers on appropriate binding measures. These primarily involve structural improvements in management systems, particularly in the areas of legal compliance and corruption / bribery, as well as occupational health and safety and environmental protection. We did not have to terminate any supplier relationships based on the results of the Corporate Responsibility detection modules during the reporting year. We also began to have independent auditors conduct External Sustainability Audits during fiscal 2009. Following the worldwide pilot phase, these audits will concentrate on suppliers from non-OECD countries. This will ensure more focused and independent audits and help spread our sustainability requirements within our supply chain.

Dialogue and sharing our expertise

We maintain an ongoing dialogue with our suppliers and also hold lively exchanges with various external stakeholders. For example, the independent auditors piloting our external sustainability audits encouraged us to make further improvements to our processes, which we are now implementing. We are also actively contributing our expertise in the area of supply chain sustainability to the work of leading German industrial associations. We consider it particularly important to enhance the skills of our suppliers over the long term. That's why we are also conducting Energy Health Checks in our supply chain based on the model used in our own Energy Efficiency Program (EEP₄Suppliers) (see "Environmental protection" on page 79). This helps us work with our suppliers to identify any potential for reducing the consumption of energy and resources (see page on the right).

Lesson learned

Sustainability in our supply chain can be further developed and implemented throughout Siemens only with even more intensive cross-functional cooperation within the company. To this end, we are working closely with other company functions – including Quality Management, Environmental Protection, Occupational Safety, Legal and Compliance, and Human Resources – to specify the requirements for Supply Chain Management and our suppliers and then implementing those requirements across functions.

Supplier goals¹

Target	Target date
External auditors conduct 200 sustainability audits at suppliers in non-OECD countries.	9/2010
Revise the contents of our detection modules and audit protocols and specify more detailed requirements for using them in guidelines for the entire company.	9/2010
Based on findings from our four detection modules, address appropriate areas for potential improvement by our suppliers and ensure ongoing implementation of improvements by enhancing supplier skills.	9/2010
Develop online training for our suppliers to support our sustainability requirements. We will offer this training to all suppliers.	12/2010
Integrate 50 suppliers with energy-intensive production processes in the Energy Efficiency Program by use of a tool for supplier self-assessment.	9/2011

¹ See pages 122 – 123 for progress made in implementing current objectives.

Projekt //

EEP₄Suppliers

IMPROVING THE ENERGY EFFICIENCY OF OUR SUPPLIERS

Consistent conservation and tactical use of resources is vital for reducing emissions and cutting costs. This applies to the processes of our supplier partners as well as to our own production processes.

SCHMOLZ+BICKENBACH GUSS GmbH, one of our suppliers, provides Siemens with cast steel parts, including for gas and steam turbines, and was one of the first companies to participate in our Energy Efficiency Program (EEP₄Suppliers), originally developed for our own production processes (see page 79). Our experts conducted this program at our supplier's site.

Evaluation according to ecological aspects – It is generally possible to reduce the energy consumption and costs of energy-intensive production processes such as used by SCHMOLZ+BICKENBACH in Krefeld, Germany. The Group's management agrees. "We are very receptive to cooperation with Siemens in this area. Such a test is quite informative for them and for us, and it is also valuable for the future. We also believe their approach of including ecological aspects in their supplier assessment makes a great deal of sense," confirms CEO Matthias Pampus-Meder. He is even considering getting his own suppliers involved in this effort.

Birgit Heftrich, responsible for the program at Siemens, explains the background of EEP₄Suppliers: "The supply chains of a company that operates worldwide are highly interlinked internationally. Getting these chains to use resources more economically and tactically is a key matter that can't be limited to our own production processes but must include our partners as well." The concept of EEP₄Suppliers was introduced at the first Siemens Supplier Forum, jointly held with selected strategic suppliers, in September 2009. Participants unanimously welcomed its pragmatic approach. We conducted Energy Health Checks of the production facilities of nine suppliers in 2009.



SCHMOLZ+BICKENBACH GUSS GmbH in Krefeld, Germany, is one of the first of Siemens' suppliers to participate in the EEP₄Suppliers energy efficiency initiative.

Improvements in dialogue – To enable us to conduct future Energy Health Checks on a large scale, we will initially focus on suppliers with energy-intensive production processes and a relevant purchasing volume, since the greatest impact on the environment can be achieved here. We will hold a dialogue with representative suppliers to develop an approach that is suitable for integrating the entire relevant supplier base in the EEP₄Suppliers program. Possibilities range from suppliers implementing their own energy-efficiency programs or assigning Siemens advisors, to conducting their own self-assessments; an initial draft of a tool for self-assessment is already available. Our objective is for some 50 suppliers with differing degrees of energy-intensive production processes to pilot this program in fiscal 2011.

Further information on the Energy Efficiency Program for Siemens suppliers at: www.siemens.com/sr/scm-best-practices

Corporate citizenship

Siemens is an integral part of many of the societies in which it operates – as an employer and customer as well as a good corporate citizen. Despite the financial and economic crisis, the company has maintained its high level of commitment and involvement for the good of society. This is clearly reflected in the amount of our donations, which exceeded the 2008 level.

We are able to maximize the impact of our corporate citizenship programs and activities by drawing specifically on the core expertise of our employees and company as a whole. This means, first and foremost, that in addition to making monetary donations, we contribute our knowledge and experience as well as material donations in the form of suitable Siemens products and solutions. Our employees also make important contributions by giving up some of their time to volunteer for cooperation projects between Siemens and non-profit organizations. Our corporate citizenship activities focus on four areas: environmental protection, education, humanitarian and social assistance, and the promotion of arts and culture.

Our corporate citizenship activities are a central pillar of our corporate program. Learn more at:

www.siemens.com/srl/corporate-citizenship

- The protection of natural resources has a high priority for us and we use our own products and solutions as well as our corporate citizenship activities to protect the environment.



Donations (in millions of euros)¹

	FY 2007	FY 2008	FY 2009
Total	34.3	30.2	30.6
Share of net profit (in percent)	0.9	0.5	1.2

Donations by category, by fiscal year (in millions of euros)

	FY 2007	FY 2008	FY 2009
Education and science	17.3	13.1	17.3 ²
Humanitarian and social issues	11.5	9.6	6.0
Arts and culture	5.5	7.5	7.3

¹ Total donations increased in fiscal 2009. As in previous years, the level of donations in Germany was particularly high. This is because Siemens AG is headquartered and has its historical roots in Germany. With regard to the development of donations in the area of humanitarian and social issues, it should be noted that we've transferred the German Caring Hands activities to the Siemens Stiftung.

² Special effect in expenditures in Germany (Siemens AG) and under education & science: these include a contribution of €5 million by Siemens AG to the endowment of the ESMT Stiftung, European School of Management and Technology GmbH.

- We work to promote better education and training for young people – especially in the so-called MINT subjects – mathematics, information science, natural sciences and technology.
- We maintain an ongoing dialogue with key opinion-makers worldwide and in our Regions and work to permanently improve living conditions in the societies we serve. We also provide immediate technical and humanitarian assistance following natural disasters.
- Last but not least, our global commitment also includes support for contemporary arts and culture.

Additional information on our participation in the UN Global Compact can be found at:

www.siemens.com/sr/global-compact

In our work, we are also committed to promoting the ten principles of the UN Global Compact. This includes upholding human rights (Principles 1 and 2). Siemens also supports the United Nations' eight Millennium Development Goals. Our citizenship commitment is based on sustainable activities, for example, providing aid that promotes self-help, and on consistency with our corporate values. The Siemens Business Conduct Guidelines and our Corporate Citizenship Policy regulate donations, project involvement and social dialogue.

The Siemens Stiftung – a strong partner

The Siemens Stiftung began its work on January 1, 2009. Learn more about its work at: www.siemens-stiftung.org

The Siemens Stiftung, a foundation under German civil law, was founded in the fall of 2008, and began its work on January 1, 2009. Endowed with a capital of €390 million, its goal is to initiate and internationally execute charitable projects as well as to drive societal themes. It is thus a partner for our corporate citizenship activities. With the founding of the Stiftung, existing cooperation processes and responsibilities within Siemens AG had to be reexamined and redefined. This process has now been largely completed. The Siemens Stiftung, like our company, also focuses on environmental protection, education, humanitarian and social projects (including disaster prevention and relief), as well as arts and culture. The spheres of activity are complementary to those of Siemens AG, yet are clearly distinguished, so that in the area of natural science education, for example, the Siemens Stiftung is involved with children and youth, while Siemens deals with university students and entry-level employees. In the area of disaster relief, Siemens AG provides aid through its products and solutions and through



Donations by Region and fiscal year (in millions of euros)

	FY 2007	FY 2008	FY 2009
Germany	14.0	11.5	16.8 ¹
Europe (except Germany), C.I.S., Africa, Middle East	7.1	6.5	5.4
Americas	10.6	8.5	5.8
Asia, Australia	3.3	3.7	2.6
Total	35.0²	30.2³	30.6

1 Extraordinary effect in expenditures in Germany (at Siemens AG) and under education & science: these include a contribution of €5 million by Siemens AG to the endowment of the ESMT Stiftung, European School of Management and Technology GmbH.
 2 The difference between total donations (graphic on page 98) and donations by Region for fiscal 2007 is due to the spin-off of the Communications Group (COM). We subtracted donations for COM at the company level, but we were not able to do so for the Regions. As a result, the cumulative amount of donations by Region appears as a higher amount.

3 In fiscal 2008, Siemens made two large donations to the Siemens Foundation in the U.S. and the Siemens Stiftung in Germany. In Germany, we provided the Siemens Stiftung with an endowment of €390 million, and we supported the Siemens Foundation in the U.S. with a capital contribution of US\$50 million (around €32 million). For better comparability, these expenditures are not included in the key figures presented.

donations, while the Siemens Stiftung concentrates on disaster prevention work. This work includes, for example, providing knowhow for mitigating the humanitarian consequences of a disaster.

Siemens in dialogue

We consider it to be an important aspect of our social responsibility to participate in the public opinion-making process, to adopt a position and argue our point, and to contribute our expertise to discussions in order to facilitate informed decisions. A good example of this type of solution expertise is our commitment to the BDI Climate Initiative, chaired by Siemens President and CEO Peter Löscher. We are convinced that, in our democratic social order, everyone must have the opportunity to actively participate in political life. That's why we endorse and promote the social and political engagement of our employees, conduct ourselves in a politically neutral manner, and respect and appreciate different world views.

You can read more about our ongoing dialogue with stakeholders at:

www.siemens.com/sr/stakeholderdialogue

Transparency and evaluation of measures

Our corporate citizenship activities should be effective and efficient. This is why we assess the social benefit of our activities based on specific quantitative, qualitative, content-related and financial criteria. In addition to analyzing our donations, we also use project-specific tools and external evaluations to determine their impact.

1. Donation management and reporting tool

In order to strategically bundle our activities in the areas of sponsoring, donations and memberships, and improve our monitoring and control, we developed a new tool in fiscal 2009 called SpoDoM (Sponsoring, Donations und Memberships). We use the tool to track all key information, such as the strategic use and ongoing deployment of our corporate citizenship activities. This ensures greater transparency for these activities and helps us review strategic goal achievements and comply with relevant legal provisions. We launched this mandatory procedure for all Siemens units at the start of fiscal 2010, and it now provides tool-based regulation of the company's entire approval process worldwide.

2. Project evaluation

Continuous evaluation of our corporate citizenship projects is a top priority. An excellent example of the way this works is the project to provide ecofriendly mobile lighting for people living on the shores of Lake Victoria in Kenya (see the Siemens Sustainability Report 2008). The University of Vienna's Institute for African Studies specifically examined the project concept from the point of view of economic, ecological and social value-added. The actual project implementation was examined from a socio-economic standpoint in a master's thesis, and confirmed the beneficial effects of the project for the people living in the region. An additional market analysis was later conducted by the Jomo Kenyatta University of Agriculture and Technology. In the future, we will continue to evaluate the impact and success of our projects on an ongoing basis.

Read an article about the pilot project in Kenya at:

www.siemens.com/sr/offgrid

Project //

Fight against AIDS

MEDICAL ASSISTANCE: REACHING THOSE THAT NEED IT MOST

AIDS is a global problem. But in sub-Saharan Africa, the situation is particularly dire. Although only about 13 percent of the world's population lives here, the region accounts for 60 percent of all global HIV cases, and 22.5 million people are already infected. An estimated two million more are infected each year. Through its REACH program (Resources Embracing Africa with Care and Hope), Siemens Healthcare Diagnostics assists clinicians with state-of-the-art molecular diagnostic testing equipment, making it possible to provide patients with the best treatment and slow the progression of the disease.

A story of hope – In 2001, Lettie was a 26-year-old South African woman who appeared to be on the brink of death. She was an emaciated 85 pounds, couldn't walk, and was too fatigued and sick to care for her two children. A government hospital diagnosed Lettie with AIDS and, lacking the medical resources, released her to go home to her village where certain death awaited. Upon her arrival at home, Lettie's friends and family members banned her from their community for fear she would bring death to their homes as well.

Lettie's situation is a tragic fate shared by millions. There are 900 HIV deaths and 1,900 new infections in South Africa every day. Lettie was more fortunate than most because she found her way to the remote Ndlovu Medical Center located in Elandsdoorn Township in the South African Province of Limpopo. While best known to nature and wildlife lovers for the famous Kruger National Park, few people know that the province's widely scattered population struggles with limited access to medical care. The Ndlovu Medical Center is the only resource center within a 180-km radius for people with HIV.

Life-saving container – The Ndlovu Medical Center where Lettie now works is one of 45 centers currently operating on the African continent where molecular diagnostic testing is offered. Molecular diagnostics has proven to be the most effective method for precisely determining the num-



Our molecular diagnostics systems help improve the treatment of patients infected with HIV and slow down the course of the disease.

ber and genotype of HIV virus strains in the blood, and for measuring how they respond to medication. This is essential in the fight against AIDS, since the virus quickly develops resistance to medications. Using Siemens diagnostic equipment, doctors can give their patients the best possible care and the progression of the disease can be monitored and slowed with appropriate treatment.

Together, Siemens and TOGA Molecular Biology Laboratory in Johannesburg have developed the TOGA tainer, a turnkey laboratory that can be deployed anywhere water and electricity are available. Blood test results, including the monitoring of viral loads, from the TOGA tainer lab are reliable and quickly available.

Dr. Hugo A. Tempelman, who founded the Ndlovu Medical Center in 1994, believes that Siemens and the TOGA tainer can provide more than just test results in the most sparsely populated and difficult areas of Africa. With them, he can produce the same high-quality results obtained in urban clinical laboratories and offer people a chance for a future despite their illness.

Today, Lettie is back to her normal weight and able to get around with the help of a walker. She carries a full workload as a member of Dr. Tempelman's staff in the Ndlovu Medical Center, helping others receive life-saving treatment in the fight against HIV.

To learn more visit: www.siemens.com/sr/reach



Our healthcare products and solutions provide reliable facts and figures essential for accurate diagnoses and quality patient care.

Facts and figures

To operate our company responsibly and to plan and manage our business effectively, we need a clear and accurate picture of how we're performing. This is why we gauge our sustainability performance each year by tracking key figures and indicators.

We do this at every level, throughout the company. Our aim isn't to generate mountains of data; we merely want to establish appropriate performance measures. Our system of performance indicators is aligned, first, with company strategy and, second, with the needs and requirements of sustainability-focused analysts and investors who rely on our report to gauge our performance.

The facts and figures we provide here complement the figures presented in the "Management" chapter.

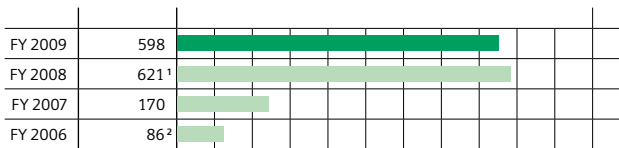
Compliance

Compliance pays off in the long run – and in economic terms, too. We use key indicators to measure and monitor continuous improvements.

Compliance Review Process

The company-wide Compliance Review Process is an important part of our Compliance Program. At least once a quarter, company management and the compliance organization review the progress made in the Compliance Program, the Program's implementation, major developments and compliance-related cases. The Compliance Review Process collects the findings of these reviews and forwards them via defined reporting channels to the Chief Compliance Officer, who reports on a quarterly basis to both the Managing Board and the Compliance Committee of the Supervisory Board.

Compliance employees worldwide



¹ Includes employees involved in Compliance Program rollouts.
² Compliance only one part of responsibilities.

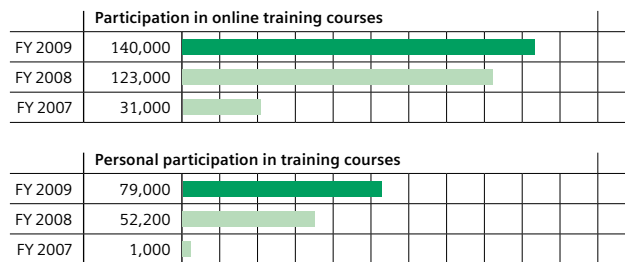
Compliance incentives for senior management

In fiscal 2008, we increased management responsibility for compliance by making compliance a component of the bonus system for our senior managers. During the year, we increased the compliance-related portion of the variable component of senior management compensation to 20 percent for the respective organization unit. Our compliance incentive for senior managers applies to some 5,500 executives company-wide. Compliance will continue to be a component of our senior managers' variable compensation in fiscal 2010.

Compliance training

Employees must be familiar with compliance regulations and knowhow to implement them. Following the comprehensive training measures taken in fiscal 2008, the focus in fiscal 2009 was on refresher courses for employees who had received training more than a year before and on the year-end launch of an online training course on our Business Conduct Guidelines (BCG). The discussion of compliance-related challenges and fictional compliance cases provides employees with an in-depth understanding of the new guidelines. The BCG training course is mandatory for managers and other employees authorized to sign for Siemens. The BCG course will be included in the figures for online training starting in fiscal 2010.

Compliance training



The "Ask us" compliance helpdesk

Employees can send questions about the Compliance Program to our "Ask us" compliance helpdesk. Answers are provided, on average, within two workdays. Starting in the third quarter of fiscal 2009, the total number of questions increased due to the introduction of a new electronic process for donations, memberships and sponsoring. This process became mandatory company-wide at the beginning of 2010. Here, too, "Ask us" effectively supported the implementation of new compliance processes.



Questions to the "Ask us" compliance helpdesk¹

FY 2009	3,992	
Q1	775	
Q2	847	
Q3	1,260	
Q4	1,110	
FY 2008	3,836	
Q1	746	
Q2	841	
Q3	1,142	
Q4	1,107	
FY 2007	198 ²	

- 1 The "Ask us" compliance helpdesk was set up in September 2007. Therefore, the data for fiscal 2007 account for only one month and are not comparable with the data for fiscal 2008.
- 2 Only September 2007.

Reporting channels for suspected compliance violations

Employees and external stakeholders can report suspected compliance violations to our independent ombudsman and our "Tell us" compliance helpdesk confidentially and, if they wish, anonymously. These reports are then reviewed to determine if they justify an internal investigation. In fiscal 2009, the total number of reports was slightly above the prior-year level, while the percentage of unsubstantiated reports was substantially lower compared to fiscal 2008. The explanation for this development may be that the individuals supplying information used more stringent criteria in their decisions to report incidents to the helpdesk. In fiscal 2009, substantiated reports increased both as a percentage of the total and in absolute terms. This trend shows the growing trust of those supplying information that we will rigorously investigate any suspected violations.



Incidents reported to the ombudsman and the "Tell us" compliance helpdesk¹

Total number of reports	
FY 2009	565
FY 2008	539
FY 2007	156
Thereof: Substantiated reports	
FY 2009	439
FY 2008	338
FY 2007	67
Thereof: Unsubstantiated reports	
FY 2009	126
FY 2008	201
FY 2007	89

- 1 The "Tell us" compliance helpdesk was set up in September 2007. Therefore, the data for fiscal 2007 account for only one month and are not comparable with the data for fiscal 2008.

Compliance remediation

We analyze our compliance-related shortcomings company-wide and remedy them systematically. Our compliance organization reviews completed investigations in order to verify that identified deficits have been eliminated. Working together with all relevant internal stakeholders, we adjust the processes and controls wherever necessary. This remediation process is making a major contribution to our efforts to bolster confidence in our compliance measures and continuously improve our Compliance Program.

Public corruption proceedings

At our Annual Press Conference for fiscal 2009, we published information on current litigation, including public corruption proceedings. This information is also included in the Notes to the Consolidated Financial Statements published in our Annual Report 2009 (Book II, pages 179 ff.).

Goals reached

Compliance goals

Goal	Target date	Status
Controls and processes Follow-up on the implementation of compliance controls in high-risk entities and operating units with particularly high business volumes, which was completed in March 2008, by introducing these controls in all remaining company units.	9/2009	Goal achieved: we have rolled out and successfully implemented the Compliance Control Framework (CCF) worldwide.
Stabilization and further development of Compliance Program Simplify existing compliance processes and integrate compliance more intensively into existing business practices.	9/2009	Goal achieved: we have further optimized the compliance processes; this included developing a new integrated tool for sponsoring, donations and memberships which has been mandatory throughout the company since fiscal 2010. Now we are looking beyond the original goal and seeing how we can continue to improve the efficiency of the compliance processes.
Training Introduce online training in the revised Business Conduct Guidelines on a global basis in about 15 languages.	starting 9/2009	We introduced the new training program in September 2009 in German and English; in fiscal 2010 it was introduced in 14 additional languages.
Tone from the Top Further intensify internal compliance communication.	ongoing	We introduced numerous additional measures and continued to improve the effectiveness and efficiency of internal compliance communications. Our success is confirmed by the results of the employee perception survey which was conducted again in 2009. Further measures are in preparation.
Compliance Monitor Comprehensively support the Monitor in his activities.	ongoing	The improvements suggested by the Compliance Monitor in his first interim report will be consistently implemented in or as of fiscal 2010. We will also continue to support the Compliance Monitor proactively with his activities.

Further information regarding our approach to compliance management is available on page 72 and on our company website at:

www.siemens.com/sr/compliance

Environmental protection

Our approach to environmental management relies on careful monitoring of environmental impacts and performance – company-wide and at every relevant location.

We monitor and track our environmental performance parameters through a global environmental information system, the Siemens Environmental and Technical Safety Information System (SESIS). The performance figures presented here are based on this system and pertain to the entire world-wide company.

The scale of resource consumption, emissions and waste volumes at Siemens determines whether they are required to report on their environmental performance. If a location exceeds a certain defined threshold, it must submit data via SESIS. And if a further given threshold is exceeded, the location is additionally required to deploy an ISO 14001-standard environmental management system.

	Threshold mandating environmental reporting in SESIS	Threshold mandating environmental management systems
Primary energy	> 1,000 gigajoules	> 5,000 gigajoules
Secondary energy	> 1,000 gigajoules	> 10,000 gigajoules
Waste water (from manufacturing and employee facilities)	> 1,500 cubic meters	> 5,000 cubic meters
Hazardous waste	> 1 ton	> 10 tons
Non-hazardous waste	> 50 tons	> 250 tons
Coolants (e.g., R22)	> 50 kilograms	–
Direct greenhouse gases (equivalent)	> 1,000 tons	–

In fiscal 2009, 345 locations in 41 countries submitted environmental performance data via SESIS. Our reporting base again changed significantly compared to the prior year: in 2009, 49 new locations were added and 21 were removed.

Environmental management systems

The number of Siemens locations using ISO 14001-standard environmental management systems increased in fiscal 2009. At the close of the year, 211 organizational units had externally certified management systems in place and 11 more employed internally certified systems. Currently, 73 percent of our locations that are required to deploy a certified environmental management system have one in place.

Locations with environmental management systems

	FY 2006	FY 2007	FY 2008	FY 2009
ISO 14001	212	213	182	211
Of which EMAS-certified	4	5	4	6
Self-certified ¹	5	6	12	11

¹ Locations are permitted to certify their environmental management systems internally to ISO 14001, provided they follow defined, in-house quality standards.

The decline in the number of locations using environmental management systems in fiscal 2008 was due to the sale of Siemens VDO Automotive (SV), whose locations were all fully certified.

Environmental performance

We monitor our environmental impacts on the basis of absolute figures. At company level, however, we track our locations' environmental performance using standardized, portfolio-adjusted key performance indicators (KPIs) – an approach that enables us to survey and compare our environmental performance over time, regardless of acquisitions and disposals. We also use these KPIs to monitor how we are meeting our environmental targets.

Additional information on our methodology can be found online at:

www.siemens.com/sr/environmental-protection-data

Our method of determining whether we've achieved these targets is to aggregate our efficiency gains for the period from 2007 through 2011. We still aim to improve our energy and water efficiency by 20 percent or more and to reduce our waste output by 15 percent by fiscal 2011.

Energy consumption

In fiscal 2009, direct and indirect energy consumption dropped at locations required to file environmental performance reports. Non-standardized figures for power and district heat at locations supplied by external utilities as well as for fossil energy (gas, fuel oil and vehicle fuels) were also lower than a year earlier.

Direct energy consumption (in gigajoules)

	FY 2006	FY 2007	FY 2008	FY 2009
Natural gas/liquid petroleum gas	10,200,000	8,200,000	9,861,000	9,009,000
Fuel oil	470,000	353,000	294,000	315,000
Gasoline/diesel	470,000	247,000	269,000	322,000
Total	11,140,000	8,800,000	10,428,000	9,690,000

Energy from hard coal: 1 gigajoule in fiscal 2006, 1 gigajoule in fiscal 2007, 3,000 gigajoules in fiscal 2008, 44,000 gigajoules in 2009.

Our power consumption was down 5.6 percent and our use of natural and liquid petroleum gas declined 8.6 percent year-over-year. Overall, energy consumed by those company locations required to file reports totaled 23,800,000 gigajoules in the review period. The drop in our energy consumption was due in no small part to our extensive efforts to save energy. At many locations, we've made technical improvements across the board to improve energy efficiency – an important step forward on the way to achieving our environmental targets.

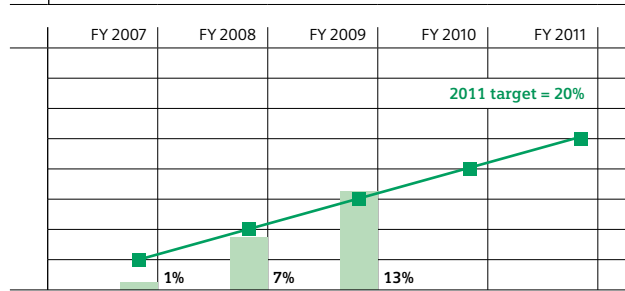
Indirect energy consumption (in gigajoules)

	FY 2006	FY 2007	FY 2008	FY 2009
Power	15,100,000	14,700,000	12,400,000	11,705,000
District heat	3,200,000	2,300,000	2,700,000	2,405,000
Total	18,300,000	17,000,000	15,100,000	14,110,000

Due to the economic and financial crisis, our factories did not operate at capacity, which helped reduce our energy consumption.

Our overall environmental performance in terms of power, primary energy (i.e., fossil fuels) and secondary energy has improved significantly. However, we can't gauge as yet the impact the recession will have on our efficiency improvement. Our power efficiency improved 6 percent year-over-year in fiscal 2009 and was 13 percent better than in fiscal 2006, our baseline year.

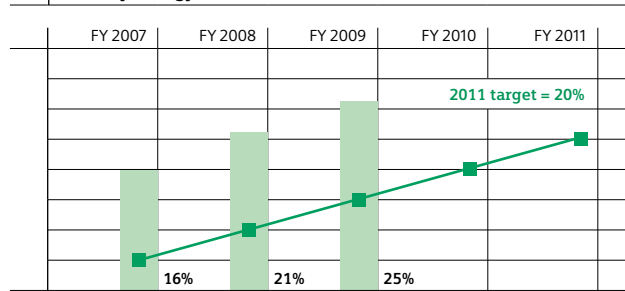
Improvement in environmental performance: Power



Environmental performance: portfolio-adjusted, based on aggregate plant revenue.

We've already achieved an overall efficiency gain of 25 percent with primary energy. In fiscal 2009 alone, our performance improved 4 percent.

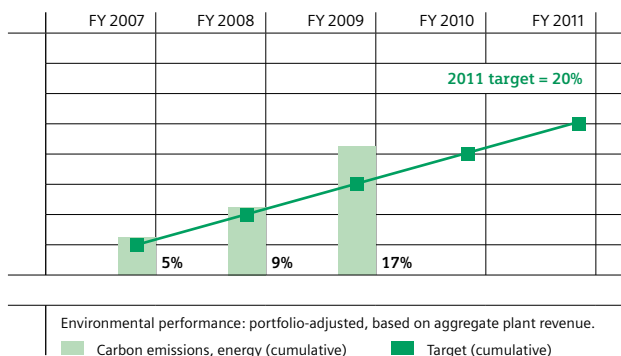
Improvement in environmental performance: Primary energy and district heat



Environmental performance: portfolio-adjusted, based on aggregate plant revenue.

We achieved efficiency gains in both primary and secondary energy consumption; this also led to an improvement in our efficiency KPI for carbon emissions, which was 17 percent higher in fiscal 2009, compared to 9 percent a year earlier.

Improvement in environmental performance: Carbon emissions, energy



Greenhouse gas emissions

Since we want the data we provide on our greenhouse gas (GHG) footprint to be easily comparable with the GHG performance of other companies, we decided in fiscal 2007 to align our greenhouse gas reporting practices with guidelines issued by the World Resource Institute/World Business Council for Sustainable Development (Greenhouse Gas Protocol). All our greenhouse gas emission figures are now calculated according to this system. Specifically, this means:

- Emissions figures are extrapolated to 100 percent if the collected data does not cover all of Siemens.
- Prior years' figures are adjusted by eliminating emissions for those locations that have been sold. If no exact figures are available for emissions at recently acquired locations, these are estimated for prior years and added to the data.
- The baseline year for computing GHG emissions performance is fiscal 2006.

In 2010, for the third year in succession, we had our greenhouse gas report verified by Det Norske Veritas (DNV) (see www.siemens.com/sr/environmental-protection). Besides ensuring transparency, the verification process gives us an opportunity to discuss our computation methods with experts in this field and gradually refine these methods.

Greenhouse gas emissions (percent)

	FY 2006	FY 2007	FY 2008	FY 2009
Power and district heat	54	52	51	50
Fuel oil, gas, other fuels	25	25	26	28
SF ₆	10	10	10	10
Technical CO ₂ , HFC, PFC, CH ₄ , N ₂ O	1	1	1	1
Air and rail travel, car rentals	10	12	12	11

We track approximately 93 percent of our direct and indirect greenhouse gas emissions in SESIS. The remaining seven percent are extrapolated.

Our greenhouse gas emissions in fiscal 2009 totaled 3.8 million tons. The largest share resulted from the power we purchased, followed by fossil fuels consumed by our own facilities, process heating systems and vehicles. Sulfur hexafluoride is used in high-voltage equipment. Carbon-equivalent sulfur hexafluoride emissions accounted for 10 percent of our total greenhouse gas output.

We also took steps to optimize and eliminate business travel in an effort to reduce our impact on the climate. Through cutbacks in air travel alone, we avoided 40,000 tons of CO₂ emissions compared to a year earlier. As the following series of figures shows, our overall greenhouse emissions have been dropping since 2006.

Greenhouse gas emissions (in tons of carbon equivalent based on the GHG Protocol Corporate Standard)

	FY 2006	FY 2007	FY 2008	FY 2009
Travel	445,000	500,000	454,000	413,000
Direct	1,557,000	1,494,000	1,449,000	1,510,000
Indirect	2,363,000	2,138,000	1,966,000	1,862,000
Total	4,365,000	4,132,000	3,869,000	3,785,000

Direct greenhouse gas emissions are emissions from sources owned or controlled by Siemens. Indirect greenhouse gas emissions are emissions from power generated and purchased externally.

EU emissions trading

Two Siemens installations – a major heating plant and a glass furnace – currently participate in EU emissions trading. Together, their emissions contribute roughly 1.5 percent of our total greenhouse gas output.

Atmospheric pollutant emissions

Climate gases aren't the only industrial atmospheric emissions with an environmental impact. Volatile organic compounds (VOCs), for example, play an important role as precursor substances in the formation of ground-level ozone and are one of the causes of summer smog. We use VOCs as solvents in paints and adhesives and in impregnation and surface-cleaning processes.

The use of ozone-depleting substances (substances that affect the ozone layer in the stratosphere) is heavily restricted under the Montreal Protocol (the international agreement to protect the ozone layer) and under country-specific regulatory initiatives throughout the world. At Siemens, we now use these substances only in situations where a more eco-friendly alternative is not yet available (as with certain refrigerants, for example).

Atmospheric emissions (in tons)

	FY 2006	FY 2007	FY 2008	FY 2009
Volatile organic compounds (VOCs)	1,900	1,700	1,400 ¹	800
Ozone-depleting substances in R11 equivalents ²	0.2	0.3	0.2	0.2

- ¹ VOC emissions were lower than stated in 2008 and had to be adjusted.
- ² Ozone-depleting potential is expressed in terms of R11 equivalents.

VOC emissions were lower year-over-year in fiscal 2009. There were various reasons for this decline. For example, our location with the highest emissions in fiscal 2008, the OSRAM Sylvania plant in Versailles, Kentucky (U.S.), reduced its output to zero. In a multiple-year environmental project, we've gradually succeeded in eliminating volatile organic compounds from the manufacturing process for T12 lamps.

Emissions of R11 equivalents again remained essentially flat in fiscal 2009.

Burning fossil fuels in furnaces and in combustion engines produces environmentally harmful nitrogen oxide emissions. At Siemens, we use furnaces to generate process heat and to heat buildings at numerous company locations. These installations are operated and monitored in accordance with local laws and regulations. We calculate that they emitted 340 tons of nitrogen oxide in fiscal 2009, assuming that typical combustion conditions applied.

Today we have a better understanding of current combustion technology and have increased the assumed emission value for gas burners this year accordingly. Due to this change in how we compute our figures, the emission value was higher in fiscal 2009 even though our gas consumption was not. If we'd applied the same method in our fiscal 2008 reporting, the 2009 figure would have been lower.

Waste

The environmental relevance of waste depends on how potentially hazardous it is and how it is disposed. We therefore differentiate between hazardous and non-hazardous waste and between waste that's recovered and waste that's disposed. Given that the amount of construction waste – building rubble and excavated material – depends extensively on the scale of construction and demolition activities in any given year and can have a considerable impact on our total waste figures, we report these materials separately. However, we do include them in our overall recycling rate, because they're a factor that our locations can directly control.

Waste (in tons)

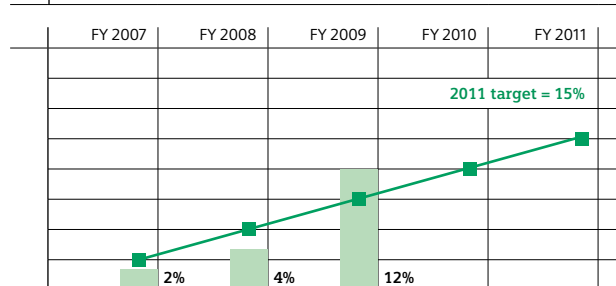
	FY 2006	FY 2007	FY 2008	FY 2009
Non-hazardous waste	360,000	370,000	370,000	339,000
Hazardous waste	34,000	39,000	45,000	49,000
Construction waste	160,000	25,000	10,000	27,000
Total	554,000	434,000	425,000	415,000

Our waste volume has remained almost constant in recent years, dropping just marginally in fiscal 2009. However, our adjusted waste output based on plant revenue (see the graph on our environmental performance regarding waste on the right) reveals that our waste intensity has improved significantly. The 12-percent improvement in our waste performance means we're well on the way to achieving our 2011 efficiency target. However, the economic crisis could still have a negative impact on efficiency here as well. The drop in our waste output and the improvement in our waste performance is the result of several different factors, one of which is our success in setting and implementing waste targets through our company program.

Changes in our absolute waste volume in recent years are due to the following reasons:

- The drop in our absolute waste volume between 2006 and 2007 was the result a decrease in the amount of building rubble. In other waste categories we recorded a 5-percent gain, half of which was caused by new company locations.
- The majority of our building rubble in 2006 was generated by a special building project conducted by our Power Generation Division in Duisburg, Germany: A legacy site purchased by the Division had to be remediated, requiring the excavation and processing of 123,000 tons of contaminated soil. However, the effort proved worthwhile: An ultra-modern, large-scale testing center for gas and steam turbines and compressors stands on the site today.

Improvement in environmental performance: Waste (excl. construction waste)



Environmental performance: portfolio-adjusted, based on aggregate plant revenue.

Waste (cumulative) Target (cumulative)

We don't just monitor our absolute waste volume and our environmental performance regarding waste, but also track our recycling rate. In fiscal 2009, this was down marginally at 81 percent.

Proportion of overall waste recycled (percent, incl. construction waste)

	FY 2006	FY 2007	FY 2008	FY 2009
Proportion of overall waste recycled	83	78	83	81

Water and waste water

In fiscal 2009, we used around 14.1 million cubic meters of raw water worldwide. This figure excludes approximately 15.7 million cubic meters of cooling water drawn from and returned chemically unchanged to groundwater and surface water resources.

Compared to a year earlier, we used around 5 percent less water. For the most part, this drop was accomplished at our OSRAM Division.

Water consumption¹ (in cubic meters)

	FY 2006	FY 2007	FY 2008	FY 2009
Water consumption	15,900,000	16,700,000	15,000,000	14,100,000

¹ Does not include 15.7 million cubic meters of cooling water drawn from and returned chemically unchanged to groundwater and surface water resources.

Our waste water volume also dropped accordingly. The waste water categories and changes in volumes are shown in the following chart:

Waste water¹ (in cubic meters)

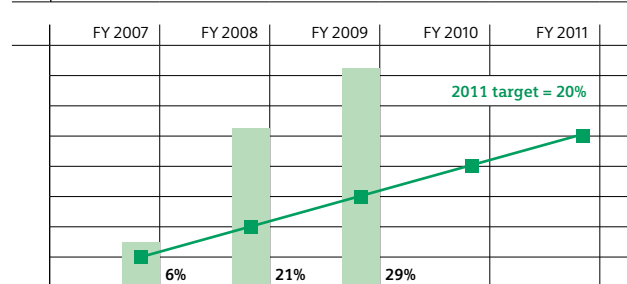
	FY 2006	FY 2007	FY 2008	FY 2009
Cooling water	3,700,000	3,300,000	2,300,000	1,700,000
Waste water from employee facilities	7,600,000	6,800,000	6,100,000	6,300,000
Waste water from manufacturing processes (total)	1,800,000	4,400,000	4,300,000	4,100,000
Other (incl. losses)	2,500,000	2,300,000	1,600,000	1,700,000
Total	15,600,000	16,900,000	14,300,000	13,800,000

¹ Does not include 15.7 million cubic meters of cooling water drawn from and returned chemically unchanged to groundwater and surface water resources.

The drop in our overall water consumption in fiscal 2008 was largely due to the fact that we stopped collecting data for 58 Siemens VDO Automotive (SV) locations when the unit was sold.

In 2007, 30 Siemens Water Technologies locations were added to our reporting base. This addition is reflected in our figures for waste water generated by manufacturing processes: the new segment was essentially responsible for 2.4 million cubic meters of waste water.

Improvement in environmental performance: Water



Environmental performance: portfolio-adjusted, based on aggregate plant revenue.

Water (cumulative) Target (cumulative)

In fiscal 2009, our environmental performance regarding water improved 29 percent compared to our base year. Theoretically, our performance here could drop 9 percent over the next two years and we'd still achieve our 2011 performance target of a 20-percent reduction. Since we're unable to gauge what impact the recession will have, we're continuing our efforts to save water.

Expenses and investments

Besides resource and emissions data, we also track our expenses and investments in environmental protection. Expenses are ongoing costs, while investments are long-term capital investments in material assets. In fiscal 2009, we had ongoing expenses of €62 million and invested €39 million in industrial environmental protection. Ongoing expenses remained at virtually the prior-year level, while investments rose sharply by €17 million. These figures reflect both the scale of our investment in energy-saving initiatives in fiscal 2009 and our unwavering commitment to achieving our energy conservation targets.

Our environmental spending comprises investments and ongoing expenditure that relate directly to an environmental issue, such as air pollution or noise, and cover end-of-pipe solutions as well as production-integrated measures. The figures stated here also include expenses associated with setting up and maintaining our environmental management systems and with waste disposal and waste water processing. However, they don't include environmental spending inseparable from other business processes, such as the vetting of suppliers by our procurement organization: here, environmental protection is just one module among many. This means that we actually spend more on environmental measures than we show in our reporting.

Environment-related incidents and penalties

We registered 13 incidents in fiscal 2009. Four of these involved atmospheric emissions, and five involved oil. The remainder had a variety of causes, including the violation of set limits for waste water. These incidents were reported, as appropriate, through our management systems, and in each case we took remedial action and analyzed the events in order to avoid a recurrence. We were required to pay penalties totaling €32,000 in fiscal 2009 in connection with eight incidents.

Nature and wildlife conservation

Nature and wildlife conservation play an important part in our efforts to protect the environment. How these concerns are integrated at both the location and the project level in our environmental management systems is exemplified by our Mobility Division in the UK, where we hold conservation training courses for project team members and have developed and piloted a special training module on the subject. The Division also examines possible nature and wildlife conservation issues when it embarks on new projects. Its project plans contain a section on ecology, an annex with project-specific information on protected areas and species, and a matrix for rating activities' impacts on the environment, including flora and fauna.

We're currently also operating an exemplary initiative at our Anhangüera location in Brazil. Its extensive 113-square-kilometer site includes 45 square kilometers of protected Atlantic rainforest. Traversing the forest is a nature trail, originally created for schoolchildren. To raise awareness about biodiversity, Siemens retirees conduct guided tours for visitors in which they describe the forest habitat and its 25 listed indigenous plant species.

Also in Brazil, our Power Transmission Division has completed a landmark project that has attracted plenty of attention. We installed 14 kilometers of high-voltage power lines running through the local rainforest. Our aim was to keep the project's footprint as small as possible and limit, as far as possible, our impact on one of the planet's richest plant and animal habitats. In a project like this, the conventional approach is to work with explosives and heavy equipment to fell trees and clear vegetation. Here, though, we progressed with extreme care, mostly carrying out excavation work by hand, using pneumatic jack hammers where necessary to break especially hard ground, and installing the cables either by helicopter or by hand. At a number of points, we even set up wooden decking to enable workers to carry parts for the high-voltage masts on foot through areas of vulnerable vegetation. We also made sure waste was handled properly: material that we couldn't process directly was carefully collected and removed. In recognition of these efforts, the project was honored with a special Siemens Environmental Award in 2009.

You can find out more about how we manage our environmental performance on page 76 and on our website at: www.siemens.com/sr/environmental-protection

Occupational health and safety management

Effectively tracking and managing company occupational health and safety requires detailed performance figures.

Since we introduced our international reporting system in our Industry, Energy and Healthcare Sectors, we've been keeping occupational health and safety data for around 87 percent of Siemens employees worldwide. We now also have figures for several of our Regional Companies and, beginning in fiscal 2010, all our Regional Companies will report on their occupational health and safety performance.

For many years now we've collected detailed performance data for Siemens AG. This information provides the database we need for developing and driving essential and valuable improvement initiatives, including programs and campaigns in areas such as road safety. Since we are unable to obtain the same set of data for the whole of the company worldwide, we report figures separately here for Siemens AG and for all of Siemens.

Accidents at Siemens AG

During the past fiscal year, we registered a slight increase of 4 percent in the number of reportable work accidents per thousand employees.

Work and commuting accidents at Siemens AG

The number of work accidents at Siemens AG in fiscal 2009 rose 2.9 percent, while commuting accidents declined 7.5 percent. We regret to report, however, that we recorded one fatal commuting accident at Siemens AG in the year under review.

Work and commuting accidents at Siemens AG in Germany

	FY 2007	FY 2008	FY 2009
Work accidents	605	538	554
Reportable accidents per 1,000 employees	5.3	5.0	5.2
Sick rate (%)	3.3	3.4	3.5
Days lost due to work accidents	12,290	9,251	11,739
Average days lost per work accident	18.5	16.1	19.8
Fatal work accidents	0	1	0
Commuting accidents (incl. business travel accidents)	396	452	418
Days lost due to commuting accidents	7,145	8,023	8,516
Average days lost per commuting accident	17.0	16.8	18.8
Fatal commuting accidents	1	0	1

Accidents worldwide

Sector accident figures (LTIFR¹)

Our Industry, Energy and Healthcare Sectors differ both in terms of their products and activities, and their attendant hazards and the business-related risks. This is reflected in differences in their accident rates and we therefore report the three Sectors' figures separately. We also report the lost-time injury frequency rate (LTIFR) for each of the Regional Companies providing figures. The LTIFR for the company as a whole is calculated from these figures.

Lost-time injury frequency rate (LTIFR) for Siemens worldwide¹

	FY 2008	FY 2009
Industry	0.91	1.7
Industry contractors	n. a.	3.0
Energy	1.34	1.1
Energy contractors	0.47	0.8
Healthcare	0.30	0.4
Healthcare contractors	n. a.	0.0

¹ The lost-time injury frequency rate is computed by multiplying the number of lost-time injuries (LTI) by 200,000 and dividing the product by the number of hours worked. LTIs are accidents that result in at least one day's lost work. The differentiated analysis of LTIFR by Sector first began in 2008 with the company's reorganization. Therefore, no figures for fiscal 2007 are provided here. Full coverage of the Sectors was not yet reached in fiscal 2009. Employee coverage for the year was 76 percent.

Our Regional Companies' accident figures

Our various Regional Companies' occupational health and safety performance varies substantially and, in some instances, could be improved. The global reorganization of our EHS management puts us in a better position to redress this issue.

Lost-time injury frequency rate (LTIFR) for Regional Companies

	FY 2007	FY 2008	FY 2009
Australia and New Zealand	0.56	0.31	0.33
Denmark	0.00	0.00	0.00
Finland	1.40	0.30	0.40
France	0.82	1.74	2.10
Greece	1.23	0.16	0.21
Hong Kong	0.79	0.49	0.40
Hungary	0.26	0.27	0.00
India	0.24	0.34	0.10
Ireland	0.00	0.70	0.40
Netherlands	0.16	0.33	0.28
Norway	1.10	1.20	0.60
Pakistan	0.54	0.57	0.28
Poland	0.25	0.36	0.00
Portugal	2.85	3.49	2.94
Slovenia	1.00	3.00	3.85
South Africa	0.90	1.20	1.10
Spain	1.99	2.34	1.60
Taiwan	0.00	0.02	0.00
United Kingdom	1.13	0.86	0.76

In fiscal 2009, we had a lost-time injury frequency rate of 1.2 worldwide (in our Sectors and Regional Companies). This figure shows that, compared to our competitors, we could be doing better. With the global reorganization of our EHS management, we aim to achieve major improvements in our LTIFR performance.

Fatal work and commuting accidents (own employees and contractors)

We regret to report that we registered six fatal accidents during fiscal 2009: one fatal commuting accident at Siemens AG, one fatal accident at an Energy Sector contractor, two fatal contractor accidents at our Regional Company in Pakistan, and one accident each at our Regional Companies in Iran and the United Kingdom.

Fatal accidents

	FY 2007	FY 2008	FY 2009
Siemens AG			
Industry	1 ¹	0	0
Energy	0	1	1 ¹
Healthcare	0	0	0
Contractors			
Industry	*	1	0
Energy	*	1	1
Healthcare	*	0	0
Regional Companies	1	0	2 ²
Contractors	0	2	2

- 1 Siemens AG commuting accident.
 - 2 Employees of our Regional Companies in Iran and the U.K. at Energy Sector construction sites and installations.
- * We first began recording fatal accidents among our Sectors' contractors in fiscal 2008.

External certificates

The table below lists those Regional Companies and Divisions that have received external certificates:

Certifications	
Regional Company	Certified by
Australia	SAI Global
Belgium	PME CERT
Brazil	DQS – Deutsche Gesellschaft zur Zertifizierung von Managementsystemen
Finland	Det Norske Veritas
France	Bureau Veritas
Germany	Berufsgenossenschaft Energie Textil Elektro Medienerzeugnisse
Greece	Ministry of Labor
Hong Kong	Registered Safety Auditor
Hungary	MSZT – Hungarian Standard Institution
India	Bureau Veritas
Netherlands	Bureau Veritas
New Zealand	Accident Compensation Council
Norway	Veritech
Portugal	The International Certification Network
Slovenia	Zavod za varstvo pri delu d.d.
Taiwan	Regional Inspection Office of Council of Labor Affairs, Execution Yuan
Turkey	Turkish Standards Institution
United Kingdom	British Safety Council/Royal Society for Prevention of Accidents

Certifications	
Division	Certified by
Mobility	Det Norske Veritas
Fossil Power Generation Oil & Gas Energy Service	Lloyd's Register Quality Assurance GmbH

In April 2009, the British Safety Council announced that our Healthcare Sector's Diagnostics Division in Sudbury had won the International Safety Award for the tenth consecutive time.

You can find further information on page 84 and on the company website at:

www.siemens.com/sr/ehs

Employees

Our approximately 405,000 employees are the foundation for our business success. Promoting and developing our people is part of a company culture that values every single individual – and his or her skills, ideas and continuing education.

Fundamental rights of workers

The following fundamental employee rights are of particular relevance for Siemens:

Free choice of employment, no forced labor

At Siemens no one may be employed against his or her will or forced to perform work.

Elimination of discrimination

The principles of equal opportunity and equal treatment are guaranteed. According to the Siemens Business Conduct Guidelines and the labor laws of the countries where Siemens does business, no forms of discrimination are tolerated. In every country there are opportunities to file complaints in line with national regulations. In Germany, for example, an Office of Complaints is provided for under the company's Work Rules. In addition, the Compliance Organization helpdesk, with its "Tell us" and "Ask us" functions, is accessible to all employees around the clock (see also the chapter on "Compliance" on page 72).

Prohibition of child labor

Siemens does not hire workers under the minimum age of 15 years. In countries that fall under the developing countries exemption in ILO Convention 138, the minimum age may be lowered to 14 years. Compliance with this regulation is monitored.

Freedom of association and collective bargaining

Siemens recognizes the rights of workers in their respective countries to form or join unions and to bargain collectively. Cooperation with employees, workers' representatives and unions on the basis of local laws is organized in a construc-

tive manner. At the company-wide level, there is a European works council known as the Siemens Europe Committee, a point of contact for handling international matters in Europe.

Supplier management

We require our suppliers to comply with the fundamental employee rights as part of the Code of Conduct.

Integration agreement

Individuals with disabilities are especially supported by the company. In May 2009, the company management and the General Works Council (GWC) in Germany signed the Integration Agreement to Promote Employment at Siemens. It is aimed at qualification and continuing education measures, but increasingly also at hiring and training people with disabilities. Siemens hopes to help increase the share of severely disabled persons in Germany who are employed from its current 4.0 percent of the workforce. Similarly in the U.S., Siemens is committed to complying with its responsibilities under the Americans with Disabilities Act.

Temporary work

Social responsibility naturally also applies to temporary workers. Temporary work is not used at Siemens as a substitute for permanent jobs, but rather to cover temporary peaks in staffing requirements. In the summer of 2009, Siemens made a commitment to the General Works Council in Germany to work with temporary employment agencies to achieve fair pay for temporary workers employed at Siemens. While working at Siemens, their wages and salaries are to be percentually incremented based on the levels stipulated in the metal and electrical workers collective agreement.

Partial retirement

Despite the elimination of government financing, Siemens and the General Works Council have agreed to extend the collective bargaining agreement to promote part-time employment for appropriate employees in Germany, so that this option for workers seeking a flexible transition to retirement is preserved.

Diversity Scorecard

Our Diversity Scorecard is the basis for developing and implementing our diversity strategy. The Scorecard has five key figures and is used to measure our progress internally. For reasons of confidentiality, the data is not published, but the most important factors in the data collection used in our key figures are open to public inspection:

Professional knowledge – We examine how the professional knowledge of our employees is comprised in areas of business relevant to us, and we evaluate the extent to which this is in line with our business requirements and demographic considerations.

Diversity on all levels – With this key figure, we measure our progress in implementing diversity measures at all levels of the organization.

Top talents – We enter and analyze data for our talented newer managers based on criteria such as experience, professional knowledge, and affiliation with specific Siemens Sectors, locations and occupational groups.

Culture and branding – We evaluate our company culture in terms of our practice of integration and multiculturalism in the company and the training programs provided in this area. In addition, we determine how the outside world perceives Siemens as a brand and the company as an employer.

Experience mix – In this segment we evaluate employee transfers between countries and Sectors to determine how extensively our employees are taking advantage of opportunities to gain inter-Sector and international experience.

Basic data*

Employees at Siemens^{1,2}

	FY 2006	FY 2007	FY 2008	FY 2009
Siemens	474,900	398,200	427,200	404,800
Europe, C.I.S. ³ , Africa, Middle East		61%	59%	60%
Americas		23%	23%	23%
Asia, Australia		16%	18%	17%

- 1 The Regional structure at Siemens was changed at the start of the 3rd quarter of fiscal 2009. As of July 1, 2009, our reporting is broken down into the following Regions: Europe, C.I.S., Africa, Middle East; Americas; Asia, Australia.
- 2 Continuing operations, changes in consolidation led to 3,500 fewer employees in 2009.
- 3 Commonwealth of Independent States.

The regional distribution of our employees has remained stable over the past three years.

Age structure in 2009 (percentage of workforce)

	< 35	35 – 44	45 – 54	> 54
Siemens	35	29	25	11
Europe, C.I.S. ¹ , Africa, Middle East	28	31	29	12
Americas	29	28	28	15
Asia, Australia	64	25	9	2

- 1 Commonwealth of Independent States.

The median age in fiscal 2009 was 40 years, unchanged from 2008.

Women in the workforce (percent)

	FY 2006	FY 2007	FY 2008	FY 2009
Siemens	27	26	26	25
Europe, C.I.S. ¹ , Africa, Middle East		24	24	23
Americas		28	26	26
Asia, Australia		32	32	34

- 1 Commonwealth of Independent States.

In Asia we showed an above-average and rising proportion of women in the workforce (see also the tables on “Women hired” on page 119 and “Management-level employees” on the right).

* Fiscal years not comparable regarding portfolio measures.

Retiring within the next five years (percent)

	FY 2008	FY 2009
Retiring	9	11

We first began collecting figures on anticipated retirement in fiscal 2008 and 2009. We will continue to collect and analyze this data.

Management-level employees¹

	FY 2006	FY 2007	FY 2008	FY 2009
Siemens	55,000	49,800	49,200	49,100
Proportion of women (percentage of managerial workforce)	12.2	13.5	13.4	13.6

- 1 Management-level employees include managers with disciplinary responsibility and project managers.

We are pleased to see that the proportion of women in the managerial workforce has grown steadily since fiscal 2006.

Hirings and departures

New hires at Siemens¹

	FY 2006	FY 2007	FY 2008	FY 2009
Siemens	75,200	67,000	74,600	51,700
Europe, C.I.S. ² , Africa, Middle East		27,600	35,200	19,500
Americas		18,500	19,100	16,900
Asia, Australia		20,900	20,300	15,300

- 1 Continuing operations, changes in consolidation led to 3,500 fewer employees in fiscal 2009.
- 2 Commonwealth of Independent States.

Departures from Siemens¹

	FY 2006	FY 2007	FY 2008	FY 2009
Departures	–	–	58,000	70,500

- 1 Continuing operations, changes in consolidation led to 3,500 fewer employees in 2009.

In fiscal 2009 the number of employees dropped by about 5 percent from 2008, after rising 7 percent in 2008 from the prior-year's level. This development is attributable in particular to approximately 31 percent fewer new hires compared to 2008. Another important factor was changes in the compa-

ny's consolidation, leading in 2009 to 3,500 fewer employees, whereas about 12,000 more employees were added in 2008. The number of departures rose 22 percent in 2009 compared to 2008 and was primarily attributable to an increase in terminations by the company (about 25 percent of all departures in 2009) as well as severance agreements (14 percent of all departures in 2009).

Women hired (percentage of new hires)				
	FY 2006	FY 2007	FY 2008	FY 2009
Siemens		32	31	34
Europe, C.I.S. ¹ , Africa, Middle East		25	28	28
Americas		29	26	26
Asia, Australia		45	40	51

¹ Commonwealth of Independent States.

In fiscal 2009, more than 51 percent of all new hires in the Region Asia, Australia were women – a marked increase from previous years.

Working hours and working arrangements

Average official weekly working hours		
	FY 2008	FY 2009
Siemens	39.3	39.1
Europe, C.I.S. ¹ , Africa, Middle East	37.5	37.7
Americas	41.0	41.1
Asia, Australia	43.0	41.4

¹ Commonwealth of Independent States.

The average official weekly working hours remained basically stable over the past two years.

Other working arrangements at Siemens				
	FY 2006	FY 2007	FY 2008	FY 2009
Part-time	18,000	12,600	23,300	24,600
Employees on leaves of absence			6,200	6,500

Our offers of part-time work have been more frequently accepted, and the proportion of part-time work has risen steadily in recent years to 6 percent.

Continuing education

Expenditure on continuing education (in millions of euros) ¹				
	FY 2006	FY 2007	FY 2008	FY 2009
Expenditure on continuing education	285	211	249	228

¹ Starting FY2008 excluding travel expenses.

Expenditure per employee on continuing education (in euros) ^{1,2}				
	FY 2006	FY 2007	FY 2008	FY 2009
Continuing education expenditure per employee	600	530	582	562

¹ Figures are mathematical averages.
² Starting FY2008 excluding travel expenses.

We managed to keep expenditure per employee for continuing education basically stable in recent years.

Average hours of training by employee group (in hours) ¹		
	FY 2008	FY 2009
Corporate management	50	25
Top management		
New hires (approx. 15/year)	60	54
Alumni (approx. 40/year)	25	25
New general management appointees (approx. 200/year)	100	109
New advanced management appointees (approx. 230/year)	110	109
New management appointees (approx. 400/year)	100	95

¹ Based on Siemens Leadership Excellence program participants.

The number of manager development training hours has remained stable over the past three years.

Additional information on the company's approach to employee management can be found on page 88 and on our company website at:

www.siemens.com/sr/employees


Suppliers

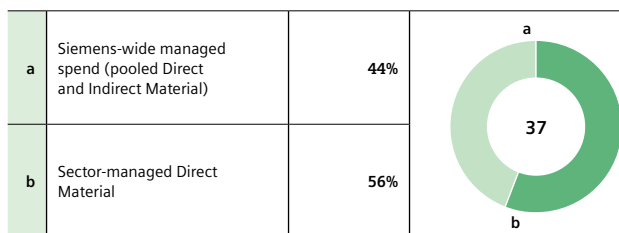
With a purchasing volume of around €37 billion during the reporting period, Siemens is one of the largest purchasers in the world. The procurement of highly diverse products and services from many different procurement markets for use throughout the world poses particular challenges for our procurement organization.

Purchasing volume

In the course of fiscal 2009, we sourced goods and services worth about €37 billion in 177 countries. Forty-four percent of this volume was Siemens-wide managed spend (pooled Direct and Indirect Material), while Sector-managed Direct Material accounted for the remaining 56 percent.

The significant reduction in external spend of roughly €3 billion compared to 2008 was driven by Supply Chain Management savings, strict inventory management, our program to reduce sales, general and administrative costs, and the decline in revenue.

 External purchasing volume in fiscal 2009¹
(in billions of euros)



¹ Excluding investments.

Purchasing volume covered by the Code of Conduct for Siemens Suppliers

We have required our suppliers to comply with our Code of Conduct for Siemens Suppliers since May 2007. This is a major help in spreading our sustainability principles and requirements – primarily based on the principles of the United Nations Global Compact – throughout our supply chain.

Company-wide, we have made the Code of Conduct for Siemens Suppliers requirements a binding part of our procurement contracts, our conditions of purchase, and our Supplier Qualification Process. In this manner, we can ensure that all suppliers are committed to the Code of Conduct for Siemens Suppliers – and we are proud of that. We have worked with the Sectors and our Risk Management to define a reporting process that will be incorporated into the next version of our internal control system in fiscal 2010.

Recognition of supplier and association codes of conduct

We recognize and accept supplier and industry codes of conduct, when their requirements are at least equivalent to our own. We review these in a company-wide mandatory process in the responsibility of Corporate Supply Chain Management. To date, we have accepted and qualified more than one hundred such codes of conduct from suppliers and industry associations.

Training our procurement staff

Managing suppliers across all company functions also increases the demands on the competencies and skills of our people involved in Supply Chain Management. We qualify our procurement staff for the current and future challenges in Supply Chain Management. To this end, we have worked with our Learning Campus, the Sectors and the responsible corporate units to update and substantially streamline our procurement training. The principle of sustainability, based on our values, has now been integrated into the relevant courses and online training. We have considerably increased the share of online training, enabling us to make timely, uni-

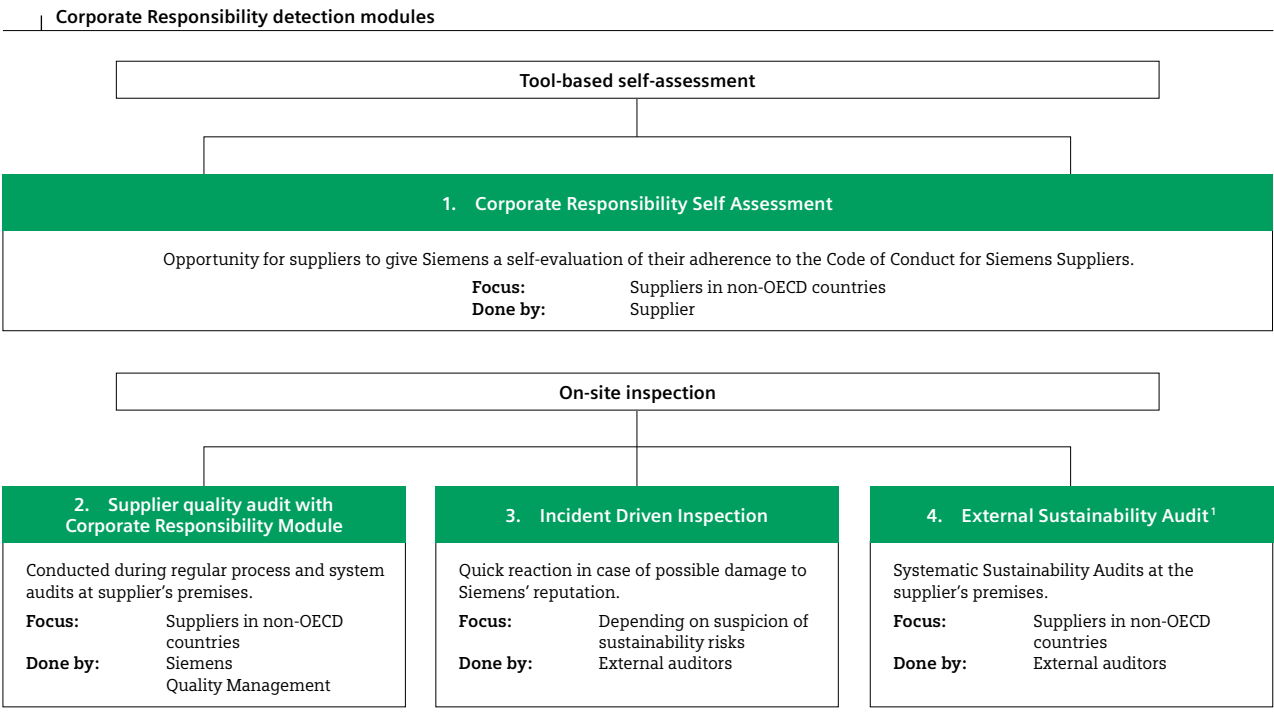
form, up-to-date and cost-efficient courses available to the operating units. At the corporate level, we work closely with the Sectors and the responsible corporate units to update the complete procurement training landscape annually and adapt it to the needs of the target groups.

Monitoring our sustainability requirements for suppliers

We use four methods to check whether the requirements defined in the Code of Conduct for Siemens Suppliers have been implemented and are permanently observed in the supply chain. The detection methods are subject to a risk-based approach (see graph below).

Reducing CO₂ emissions in the supply chain

In our Sustainability Report 2008, we described our activities for increasing the energy efficiency of our supply chain (see Sustainability Report 2008, page 90). Since then, we have worked closely with five leading worldwide logistics service providers to create criteria for determining the greenhouse gas emissions caused by shipping done on our behalf. The five companies, which together provide the logistics for nearly 40 percent of our total purchasing volume, emitted around 481,250 tons of greenhouse gas as a result of shipments made for Siemens, accounting for about 12.6 percent of our company's total emissions. This figure clearly shows that shipping offers a major lever for reducing greenhouse gas emissions.



¹ Pilot project in fiscal 2009; to be introduced in fiscal 2010.
 We determine non-OECD countries at the beginning of the fiscal year based on the Transparency International Corruption Index (TI/CPI Index) and whether the country is a member of OECD.

In this regard, Dr. Matthias Mather, head of environmental protection at the Railway Environment Center of Deutsche Bahn AG, said that “Siemens and DB AG have made climate protection an integral part of their respective corporate strategies. We are therefore quite pleased with the Siemens initiative, which can serve as an example for the logistics market. Given our ability to create and operate effective, efficient logistics networks characterized by high capacity utilization and to integrate them into the most ecofriendly option – rail – we hope to be a constructive, competent, and competitive partner.”

The quality of the data varies with regard to how it was collected and the willingness of the logistics companies to disclose the methods and factors they applied. Two companies – including Deutsche Bahn – have already had their methods and the completeness of their data certified, and all the others are planning on certification.

Since the efficient use of energy and resources is in most cases linked to economic effects, our Sectors have begun to optimize their supply chains from the environmental stand-

point. As part of two reference projects in the Industry Solutions Division, we have carefully examined the project logistics for approaches to the Port of Hamburg. The conclusion: by shifting transport from road to rail or changing routes to reduce distances traveled and reconfiguring packaging, CO₂ emissions can be reduced by 30 to 50 percent – and shipping costs can also be cut while leaving shipping times unchanged or within acceptably longer limits.

External recognition of our sustainability management

Our sustainability management in the supply chain was recognized outside the company several times during the reporting period. For example, we received the highest industry rating for the “Standards for Suppliers” criterion of the SAM Dow Jones Sustainability Index.

Goals reached

We achieved or even exceeded the goals set for fiscal 2009, and have set new, more ambitious objectives for fiscal 2010 (see page 96).

Supplier goals

Goal	Target date	Status
Analyze the possibilities of how we can report overall on improvements in the sustainability performance of our suppliers, based on information from our monitoring activities. Approaches include: – The evaluation of sustainability performance contained in the audit record of the audited suppliers, and – The total evaluations from the Corporate Responsibility Self Assessments.	9/2010	Since the controlling of measures related to the Corporate Responsibility Self Assessments has been implemented, it is now possible for us to record findings and agreed-upon corrective measures centrally in our supplier data platform. This enables us to measure the extent to which the sustainability performance of our suppliers has improved. We will use this information as the basis for future capacity-building efforts. By introducing additional External Sustainability Audits, we will be able to have these auditors verify the sustainability performance of our suppliers even more intensively and present the results in our next Sustainability Report.
Define a quantified performance goal and deadline with which we will improve the ratio of positive feedback from suppliers on our sustainability management system.	9/2010	Integrating the Corporate Responsibility Self Assessments into our supplier data platform <i>click4suppliers easy</i> , accessible worldwide, will enable us to automatically evaluate feedback from our suppliers regarding our sustainability management. Since we have seen that the current survey does not provide sufficient and meaningful results, we will implement an improved feedback function for our suppliers and report on the results in our next Sustainability Report.

Corporate citizenship

Siemens focuses its corporate citizenship activities on four main areas: the environment, education, social and humanitarian aid, and arts and culture. In all cases, the sustainability of our projects, their proximity to the core competencies of our employees, and their relationship to our business are of central importance. The following examples illustrate our activities in all four areas.

Ecological responsibility in the Brazilian rainforest

The project to construct a high-voltage line through the Brazilian rainforest, which is described in the Environment section (see page 113), is a classic example of our commitment to social involvement and also serves as a paradigm for how we fulfill our responsibility as a corporate citizen.

Our employees at the site have gone far beyond legal and project-based requirements for environmental protection to exemplify responsible action in dealing with our planet's natural resources, even when this means additional work and higher costs. For example, in many cases they chose to carry out many stages of work by hand rather than deploy heavy equipment. They almost entirely avoided cutting down trees, thereby minimizing intrusions into the ecosystem. In especially valuable ecological areas, they also decided not to clear cable-laying paths through the brush. As a consequence, they had to climb individual trees to install nylon lines in the treetops, along which the power line was later drawn. Wooden catwalks were built in other areas to protect the forest floor. The project won the company's Environmental Award in fiscal 2009 (see page 113).

AIDS assistance in South Africa

REACH, our AIDS medical assistance program (see page 101) shows what we at Siemens mean by humanitarian aid. We work with partners to support people with AIDS in South Africa by giving them to access to cost-effective health care, thus improving their prospects. We also provide comprehensive support for employees who are HIV positive. They receive medications and vaccines and can participate in regular examinations and tests. Advisory services and ongoing personal assistance and support are also available to our employees. We include their direct personal environment in our efforts, so affected family members can also receive medical treatment.

Students working on energy-saving solutions for the future

As part of the Siemens Generation21 education program, our Regional Company in Egypt is supporting university-level education with several projects.

- The "Steps toward progress" initiative promotes greater dovetailing of the educational and employment sectors.
- The "Energy-saving think tank earth workshop" is developing ideas for improving energy conservation and reducing CO₂ emissions.
- In the "Real-life simulation" contest, employees invited student teams to compete in designing an energy-saving system. The best team received the prize.

"into..." – an example of the innovative power of music

Our Siemens Arts Program received the German Cultural Prize (Kulturförderpreis der deutschen Wirtschaft im BDI e.V.) in 2009 for "into..." a project in conjunction with Ensemble Modern and the Goethe Institute. The prize was awarded by the Cultural Circle of German Business and Industry within the Federation of German Industries (BDI), an independent promoter of all genres of art and culture with 400 members from all sectors of business and industry.

Sixteen composers each spent a month in Istanbul, Dubai, Johannesburg, or the Pearl River Delta and composed a work for the Ensemble Modern giving musical expression to the essence of the megacities. The jury was impressed by the results, and in his speech, Hans Werner Kiltz, editor-in-chief

of the Süddeutsche Zeitung newspaper, stressed the “internationality, innovative strength and multiculturalism” of the project and noted that many festival organizers and concert halls in Germany and abroad have now hastened to adopt this “unusually intelligent concept.”

Goals reached

Corporate citizenship goals

Goal	Target date	Status
Expand Sector-related citizenship partnerships with key customers and/or strategic partnerships to increase capacities in the areas of education, volunteerism, and disaster relief (three model projects in each Sector).	9/2009	We have achieved our goal and have strategically oriented Siemens' citizenship activities to the company's competencies, as shown by the above examples. The activities of the Siemens Stiftung are determined by its mandate. We have established an effective control mechanism in the form of the SpoDoM reporting tool.
Increase Siemens' share of the worldwide donation volume that can be allocated to defined humanitarian/ social emphasis programs to 80 percent.	4/2010	We achieved our goal of ensuring transparency for 80 percent of donations. We accomplished this in 2008 thanks to introduction of the three reporting categories for donations: “social and humanitarian,” “education,” and “arts and culture.”
Develop and implement a content consulting system for worldwide citizenship activities.	9/2010	The circulars, the Citizenship Policy, and the strategic requirements contained in the SpoDoM tool form the basis for content consulting. This goal will be included as a sub-goal in the new “preparation of a strategic governance framework” (see below).
Develop a set of analytical instruments to determine the significance of social involvement in key Regions.	9/2010	The SpoDoM tool serves as the basis for the set of analytical instruments. This goal will be included as a sub-goal in the new “preparation of a strategic governance framework” (see below).
Further support the Siemens Stiftung in its development phase, such as in (further) developing transferable corporate citizenship projects, concepts and management processes of overarching interest (analysis, cooperation, evaluation, monitoring, etc.).	9/2010	We achieved this goal. The Siemens Stiftung has been established, and the responsibilities and mechanisms for cooperating with Siemens AG have been fundamentally clarified.
Coordinate the company's corporate citizenship strategy with the nonprofit activities of the Siemens Stiftung in order to optimize the projects' effectiveness.	9/2010	Activities are on schedule: Strategic priorities and the basic assignment of tasks have been established and the planning of future joint areas of emphasis has begun.

Corporate citizenship goals

Goal	Target date
Creation of a framework of governance frameworks – Description of the updated corporate citizenship strategy (including governance principles and the global programs Siemens Generation21 and Siemens Caring Hands). – Development of an operational citizenship guideline (including contact persons, cooperation models and support options).	9/2010
Updating of global strategy for establishing foundations.	9/2010

Project spending for corporate citizenship

In addition to supporting charitable projects and organizations around the world through donations, Siemens also invests in corporate citizenship projects around the globe. When the Siemens Stiftung was established in Germany, the bulk of the company's corporate citizenship projects were transferred to this foundation – a development which explains the reduced project spending of Siemens AG. Projects implemented by the various Siemens foundations in different countries are not included in the table on the right. They are listed separately in the respective foundations' publications – such as the foundation report of the Siemens Stiftung Germany – or on their websites.

Corporate citizenship project spending within Corporate Communications

Spending (in millions of euros)	FY 2007	FY 2008	FY 2009
Project spending by category			
Social/humanitarian projects and projects to benefit society, including donations (Siemens Caring Hands)	4.4	3.8	3.7
Spending on educational projects, including donations (Siemens Generation21)	6.0	5.6	2.8
Siemens Arts Program	1.9 ¹	1.9 ²	1.8
Additional projects	2.2	4.3	2.6
	+ 1.1 ³		
Total spending on projects	15.6	15.6	10.9
Corporate citizenship, worldwide coordination (spending for personnel, travel, internal communication, etc.)	6.0	7.5 ²	5.5
Total	21.6	23.1	16.4

- 1 The Corporate Executive Office (CO), not Corporate Communications, was responsible for the Siemens Arts Program budget through fiscal 2007. In fiscal 2008 and 2009, Corporate Communications was responsible for the Siemens Arts Program.
- 2 Since material and personnel costs (€1.2 million) were allocated to the budget of the Siemens Arts Program for the first time after the reorganization, they are also contained in the "Corporate citizenship, worldwide coordination" item. Project spending (€1.9 million) remained constant.
- 3 Social/humanitarian projects and projects to benefit society including donations; communication relating to sustainability projects: only for OSRAM.

You will find additional information on the management approach to "Corporate citizenship" on page 98 and on our company website at:

www.siemens.com/sr/corporate-citizenship

Additional information on the above projects and programs is available at:

www.siemens.com/sr/AIDS

www.siemens.com/sr/generation21

INDEPENDENT ASSURANCE REPORT

The audit performed by PwC relates exclusively to the German print version of the Sustainability Report. The following text is a translation of the original German Independent Assurance Report.

To Siemens AG, Munich

We have been engaged to perform a limited assurance engagement on selected data of the Sustainability Report 2009 (the "Sustainability Report") for the financial year 2009 of Siemens AG, Munich.


MANAGEMENT'S RESPONSIBILITY

The Managing Board of Siemens AG is responsible for the preparation of the Sustainability Report in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7–17) of the Global Reporting Initiative (GRI):

- Materiality,
- Stakeholder Inclusiveness,
- Sustainability Context,
- Completeness,
- Balance,
- Clarity,
- Accuracy,
- Timeliness,
- Comparability and
- Reliability.

This responsibility includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Sustainability Report.

PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a conclusion based on our work performed as to whether any matters have come to our attention that cause us to believe that the data for the financial year 2009 of the Sustainability Report marked with the logo  have not been prepared, in all material respects, in accordance with the abovementioned criteria of the Sustainability Reporting Guidelines Vol. 3 of the GRI. The selected data are presented in the subsections of the chapter "Management" and in the chapter "Facts and Figures". We also have been engaged to make recommendations for the further development of sustainability management and sustainability reporting based on the results of our assurance engagement.


We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to express our conclusion with limited assurance.

In a limited assurance engagement the evidence-gathering procedures are more limited than in a reasonable assurance engagement (for example, an audit of financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code")), and therefore less assurance is obtained than in a reasonable assurance engagement.

The procedures selected depend on the practitioner's judgement. Within the scope of our work we performed amongst others the following procedures:

- Inquiries of personnel in the central function Corporate Sustainability responsible for the preparation of the Sustainability Report regarding the process to prepare the Sustainability Report and the underlying internal control system;
- Inquiries of personnel in the corporate functions that are responsible for the topics Corporate Sustainability, Innovations, Customers and Portfolio, Compliance, Environmental Protection, Product Responsibility, Occupational Health and Safety, Employees, Suppliers and Corporate Citizenship;
- Inspection and sample testing of the systems and process documentation for collection, analysis and aggregation of sustainability data;
- Site visits as part of the inspection of processes for collecting, analyzing and aggregating the selected data:
 - in the corporate headquarters
 - in the Sector Industry in the Divisions Industry Automation, Drive Technologies, OSRAM, Industry Solutions, Building Technologies und Mobility,
 - in the Sector Energy in the Divisions Renewable Energy, Fossil Power Generation, Power Distribution und Power Transmission,
 - at the sites Amberg and Hillsboro (USA)
 - as well as in the regional company China (Beijing);
- Inspection of internal documents, contracts and invoices/reports of external service providers;
- Comparison of selected data with corresponding data in the Siemens Annual Report 2009;
- Examination of the methods and procedures for determining greenhouse gas emissions for the financial year 2009 of the Siemens group by using the results of an audit performed by an external auditor;
- Inspection of documents regarding the description and approval of the sustainability strategy as well as understanding the sustainability management structure, the stakeholder dialogue and development process of Siemens AG's sustainability program.

CONCLUSION

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the data for the financial year 2009 in the Sustainability Report marked with the logo  have not been prepared, in all material respects, in accordance with the criteria of the Sustainability Reporting Guidelines Vol. 3 (pp. 7–17) of the GRI.

EMPHASIS OF MATTER – RECOMMENDATIONS

Without qualifying our conclusion above, we make the following recommendations for the further development of sustainability management and sustainability reporting:

- Further operationalization of the sustainability strategy in the group;
- Enhancement of the sustainability management in the Sector and Cluster organization;
- Group-wide standardization and documentation of necessary control procedures for the collection of sustainability data, particularly on lower organizational levels (Divisions, Business Units, Sites).

Munich, April 23, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Werner

ppa. Hendrik Fink
Wirtschaftsprüfer
(German Public Auditor)



Our stated goal: benchmark transparency



Indices

This Report has been compiled to help us become the benchmark in transparency, and offers our readers information that interests them – quickly, easily and through different channels. Our Report has therefore been prepared in accordance with Global Compact principles and Global Reporting Initiative guidelines, and includes references designed to guide readers to specific topics.

We've been a member of the United Nations' Global Compact since 2003 and embrace and support its ten principles. We include our annual progress report on implementing these principles here.

The principles laid out in the Global Reporting Initiative's guidelines are a valuable guide for us. For interested stakeholders, our Report also includes a content index with revised key GRI indicators based on the G3 guidelines released in October 2006.

UN Global Compact

Siemens has been a participant in the UN Global Compact since 2003 and is expressly committed to upholding the Compact's ten principles. This Sustainability Report, and in particular the following report index, describes the progress we have made during the year – broken down according to the systems and measures we have implemented and our achievements.

Index according to the ten principles of the Global Compact

Principle	Systems	Measures	Achievements
Principle 1 Support of human rights	With the Siemens Business Conduct Guidelines we have also committed ourselves to observing human rights and the core work norms.	Since the previous fiscal year, with our worldwide reporting and monitoring processes we have made sure that all suppliers adhere to the requirements of the Code of Conduct for Siemens Suppliers. In the year under review we further standardized and implemented the process to monitor adherence throughout the company.	In fiscal 2009, 343 supplier quality audits were conducted with a CR auditing module. In the process, we identified a total of 1,214 potential improvements: around 9 percent (111) involved improvements in the area of human rights, and 0.2 percent (3) in the area of child labor.
Principle 2 Exclusion of human rights abuses	With our Code of Conduct for Siemens Suppliers we ensure that these basic rights and principles are also observed in our supply chain. > Siemens Business Conduct Guidelines, page 73 > Management: Suppliers, page 95 > Fundamental rights of workers, page 116f.	> Management: Suppliers, page 95	> Management: Suppliers, page 94f.
Principle 3 Assurance of freedom of association			
Principle 4 Elimination of all forms of forced labor			
Principle 5 Abolition of child labor			
Principle 6 Elimination of discrimination	In accordance with our Business Conduct Guidelines and labor legislation in the countries in which Siemens is active, we tolerate no form of discrimination. This is supplemented by our "Guiding Principles for Promoting and Managing Diversity," which apply worldwide. Our Chief Diversity Officer is responsible for company-wide diversity management. > Management: Employees, page 90f. > Facts and figures: Employees, page 117	In fiscal 2009, we began to gather and analyze relevant diversity data. Our goal is to instill the basic concepts of diversity and the processes to promote it throughout the company by 2011. For this purpose we have developed a Diversity Scorecard to measure our progress internally. > Management: Employees, page 90f. > Facts and figures: Employees, page 117	In fiscal 2009, women accounted for 25 percent of our total workforce. 13.6 percent of our managers were women, double the number in fiscal 2002. We will continue to systematically increase the diversity of our management. > Management: Employees, page 92 > Facts and figures: Employees, page 118

Index according to the ten principles of the Global Compact

Principle	Systems	Measures	Achievements
Principle 7 Precautionary approach to environmental protection	<p>Our responsibility for environmental protection has been included in our environmental guidelines. In addition, Siemens Norm 36 350 ensures that we comply with the principle of precautionary environmental protection in all our product design processes.</p> <p>> Management: Environmental protection, page 76 ff. > Management: Product responsibility, page 80 ff.</p>	<p>In fiscal 2009, we introduced comprehensive measures for achieving our reduction goals in the areas of energy (20 percent), water (20 percent) and waste (15 percent). We also launched a number of campaigns, such as the Energy Efficiency Program. By conducting lifecycle analyses for additional product categories in recent years, we have been able to evaluate the environmental effects of a larger number of Siemens products and services.</p> <p>> Management: Environmental protection, page 78 f. > Management: Product responsibility, page 81</p>	<p>With our company environmental program, we have taken a big step toward reaching our efficiency targets. Overall, we have further improved environmental performance in the area of electrical energy, primary energy and district heating. Relative to the baseline year 2006, our efficiency improvement was 13 percent in electricity, and 25 percent in primary energy and district heating. Environmental performance in the area of waste improved by 12 percent in the same period, and by 29 percent in the area of water.</p> <p>> Facts and figures: Environmental protection, page 107 ff.</p>
Principle 8 Specific initiatives to promote environmental protection	<p>Raising our employees' awareness of environmental and climate protection is an element of both our environmental strategy and our social commitment. With internal communications measures and our corporate citizenship focus on environmental protection, we help create a greater sense of responsibility for ecological issues inside and outside the company.</p> <p>> Energy Efficiency Program, page 79 > Management: Corporate citizenship, page 98</p>	<p>We are implementing numerous internal communications measures in order to heighten our employees' awareness of the environment. As part of the Energy Efficiency Program, we include employees in efforts to improve energy efficiency at individual locations. For biodiversity, we are sensitizing retired Siemens employees at our Brazilian location in Anhangüera, on the grounds of which is located a protected Atlantic rainforest.</p> <p>> Management: Environmental protection, page 79 > Nature and wildlife conservation, page 113</p>	<p>In fiscal 2009, we donated around € 2.8 million to education and science. Since environmental protection is one of the main aspects of our social commitment, a large part of this investment has gone into raising awareness of these issues among school and university students.</p> <p>> Facts and figures: Corporate citizenship, page 126</p>
Principle 9 Diffusion of environmentally friendly technologies	<p>As part of our Environmental Portfolio, we develop and market products and solutions that enable our customers to reduce their CO₂ emissions, lower lifecycle costs and protect the environment.</p> <p>> The Siemens Environmental Portfolio, page 56 ff.</p>	<p>In fiscal 2009, we added numerous products to the Siemens Environmental Portfolio.</p> <p>> The Siemens Environmental Portfolio, page 56 ff.</p>	<p>The products and solutions of the Siemens Environmental Portfolio that were installed for our customers from 2002 to 2009 helped them cut their CO₂ emissions by around 210 million tons a year. In fiscal 2009 alone, newly installed products and solutions cut CO₂ emissions by around 50 million tons.</p> <p>> The Siemens Environmental Portfolio, page 56 ff.</p>
Principle 10 Measures against corruption	<p>The Siemens Business Conduct Guidelines is the heart of our Compliance Program.</p> <p>> Management: Compliance, page 72 ff.</p>	<p>In fiscal 2009, we worked to continually improve our Compliance Program. For example, the processes and tools for compliance were further simplified. Middle management was involved to a greater extent, and we conducted an employee survey on compliance.</p> <p>> Management: Compliance, page 72 ff.</p>	<p>The number of employees working in the compliance area in fiscal 2009 was 598. 140,000 employees received online compliance training, and 79,000 had personal compliance training. In the period covered by this report, we instigated disciplinary measures for 784 violations of compliance regulations.</p> <p>> Management: Compliance, page 73 > Facts and figures: Compliance, page 104 f.</p>

Siemens commitment to the UN CEO Water Mandate

Siemens became a signatory to the United Nations CEO Water Mandate in 2008. For Siemens, managing water in our own operations and providing solutions to our customers for efficient water use and wastewater treatment through our business unit Siemens Water Technologies are of major importance.

1. Business activities

For references, see "Facts and figures": Environmental protection (page 107).

2. Water and supply chain management

Our Code of Conduct for Siemens Suppliers defines the requirements that suppliers must fulfill for their stakeholders and the environment. These include minimizing environmental pollution and continuously improving environmental protection standards. One fundamental part of this is water conservation and water treatment. For more on Supply Chain Management and the Code of Conduct for Siemens Suppliers, please see page 95.

3. Collective action

Siemens is committed to drive innovative and sustainable water treatment technologies. Over 1,000 researchers and engineers work in seven global R&D centers to develop sustainable water technologies for tomorrow. This research focuses on six technology platforms:

- Hollow-fiber membranes,
- Electro-chemical processes,
- Advanced bio-processes,
- Enhanced oxidation,
- Media process solutions,
- High-rate separation.

These research activities are being supported by the Public Utility Board (PUB) of Singapore with a grant of €1.8 million.

More information regarding water treatment technologies can be found at the Siemens Water Technologies homepage:

www.siemens.com/sr/water

Visit the Stockholm
International Water
Institute homepage at:
www.siwi.org

4. Public policy

Stockholm Water Prize Siemens AG is one of the founders of the Stockholm Water Prize that supports the Stockholm International Water Institute in encouraging research and development on behalf of the world's water environment. The Stockholm International Water Institute (SIWI) is a policy institute whose diverse Stockholm-based, internationally-oriented programs and activities contribute to finding sustainable solutions to the world's escalating water crisis. SIWI manages projects, integrates research results and publishes findings and recommendations on current and future water, environment, governance and human development issues. SIWI serves as a platform for knowledge-sharing and networking among the scientific, business, policy and civil society communities. SIWI builds professional capacities and understanding of the links between water-society-environment-economy.

World Water Day Siemens Water Technologies celebrates the annual World Water Day with a series of activities to raise awareness of the value of water – both within the company and in society as a whole. Part of this program raises funds for the SkyJuice Foundation – a charitable organization that provides the SkyHydrant – a technology that is designed to provide drinking water for disaster relief or communities in developing countries. The technology was developed in cooperation with Siemens and uses Siemens Memcor membranes as its core element. Communication activities included special features on the Siemens Internet, ad campaigns in locations like Times Square in New York, and press releases around the globe.

Siemens Internet Feature
Water Kiosk at:
[www.siemens.com/sr/
safe-water-kiosk](http://www.siemens.com/sr/safe-water-kiosk)

Homepage of the
SkyJuice Foundation at:
www.skyjuice.com.au

5. Community engagement

The need for potable water is growing as fast as the world's population. Today, those who need safe water the most have only limited access or none at all to this precious commodity. Siemens offers an effective solution that is world best practice and, most importantly, affordable and accessible to everyone. By incorporating simple and robust membrane filter systems – the SkyHydrant – into community kiosks, it is now possible to provide sustainable water purification systems that provide clean water to communities in remote areas.

This program represents cooperation between Siemens and the SkyJuice Foundation, a charitable organization based in Sydney, Australia.

6. Transparency

Our Sustainability Report 2009 contains an index regarding GRI indicators. Please refer to page 136.

Global Reporting Initiative guidelines

The reporting guidelines defined in the Global Reporting Initiative (GRI-G3) are an important source of orientation for us. The index below refers readers to the sections of this Report and the Siemens Annual Report 2009 which contain information required in accordance with the GRI-G3 guidelines. In cases where – for reasons of relevance – we provide no information relating to the GRI’s core indicators, we give reasons for this decision.

Index related to the Global Reporting Initiative guidelines

	Siemens Sustainability Report 2009 (more detailed information in the Siemens Annual Report 2009)	Degree of fulfillment	Principles of the Global Compact
1. STRATEGY AND ANALYSES			
1.1 Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position)	> Foreword, page 3	■	
1.2 Description of key impacts, risks, and opportunities	> Solutions to enormous challenges, page 20 > Steering a clear course, page 21 > We are challenged, page 23	■	
2. ORGANIZATIONAL PROFILE			
2.1 Name of the organization	> Company structure, page 8	■	
2.2 Primary brands, products and/or services	> Activities, page 8 > Industry Sector, page 10 > Energy Sector, page 12 > Healthcare Sector, page 14 > Equity Investments, page 16 > Cross-Sector Businesses, page 16 > Cross-Sector Services, page 16	■	
2.3 Operational structure and major Divisions	> Company structure, page 8	■	
2.4 Location of organization’s headquarters	> Our company, page 8	■	

■ Indicator completely fulfilled ■ Indicator partially fulfilled ■ Indicator not fulfilled

Index related to the Global Reporting Initiative guidelines

	Siemens Sustainability Report 2009 (more detailed information in the Siemens Annual Report 2009)	Degree of fulfillment	Principles of the Global Compact
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to sustainability issues	> AR: Results of operations (Book II, page 66 f.) > AR: Business and operating environment (Book II, page 44)	■
2.6	Nature of ownership	> Our company, page 8	■
2.7	Markets served	> Profile, page 7 > AR: Our structure (Book I, page 66 ff.)	■
2.8	Scale of the reporting organization	> Our company, page 8 > AR: Key figures (Book II, page 3)	■
2.9	Significant changes during the reporting period regarding size, structure, or ownership	> Changes in the portfolio, page 9 > AR: Consolidated Financial Statements, Notes (4) Acquisitions, dispositions and discontinued operations (Book II, page 139)	■
2.10	Awards received in the reporting period	> Rankings, ratings and awards, page 36	■
3. REPORTING PARAMETERS			
Report profile			
3.1	Reporting period	> Review period and report boundaries, page iii	■
3.2	Date of most recent previous report	> Review period and report boundaries, page iii	■
3.3	Reporting cycle	> Review period and report boundaries, page iii	■
3.4	Contact point for questions regarding the report	> Information resources, page 145	■
Reporting scope and boundary			
3.5	Process for defining report content	> Materiality portfolio, page 32	■
3.6	Boundary of the report	> Review period and report boundaries, page iii	■
3.7	Statement on specific limitations concerning the scope of the report	> Review period and report boundaries, page iii	■
3.8	Basis for the reporting on joint ventures, subsidiaries, etc.	> Company structure, page 8 > Changes in the portfolio, page 9 > AR: Book II, pages 154 f., 208 f.	■
3.9	Data measurement techniques and the bases of calculations	> Data collection, page iii > Facts and figures: Environmental protection, page 107	■
3.10	Explanation of the effect of any restatements of information provided in earlier reports	> Materiality portfolio, page 32 > Management, page 63	■
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied	> Reporting method, page iii > Atmospheric emissions, page 110	■
3.12	GRI content index – Table identifying the location of the Standard Disclosures in the report – Page numbers	Global Reporting Initiative guidelines, page 135	■
3.13	Assurance – External verification on the report	> External review, page iii > Verification, page 128	■

■ Indicator completely fulfilled ■ Indicator partially fulfilled ■ Indicator not fulfilled

Index related to the Global Reporting Initiative guidelines

	Siemens Sustainability Report 2009 (more detailed information in the Siemens Annual Report 2009)	Degree of fulfillment	Principles of the Global Compact
4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT			
Governance			
4.1 Governance structure	> AR: Corporate Governance report, Management and control structure (Book II, page 16)	■	
4.2 Independence of the highest governance body (supervisory board chairperson and members)	> AR: Report of the Supervisory Board (Book II, page 6) > AR: Corporate Governance report, Management and control structure (Book II, page 16)	■	
4.3 Number of members independent supervisory board members	> AR: Corporate Governance report (Book II, page 16)	■	
4.4 Mechanisms for shareholders and employees to provide recommendations to the highest governance body	> AR: Corporate Governance report, Shareholder relations (Book II, page 20)	■	
4.5 Linkage between senior management compensation and the organization's performance	> Compliance incentives for senior management, page 104 > AR: Compensation report (Book II, page 28)	■	
4.6 Processes for the highest governance body to ensure conflicts of interest are avoided	> Management: Compliance, page 72 > AR: Corporate Governance report, Management and control structure (Book II, page 16)	■	
4.7 Expertise of the highest governance body in terms of sustainability issues	> Organization, page 26	■	
4.8 Corporate mission, values, and codes of conduct	> Sustainability at Siemens, page 19 > Solutions to enormous challenges, page 20 > Management: Compliance, page 72 > Siemens Business Conduct Guidelines, page 73 > Siemens Integrity Initiative, page 75 > Supply Chain Management at Siemens, page 94	■	1 – 8, 10
4.9 Procedures of the highest governance body for overseeing environmental, economic and social risks and opportunities	> Organization, page 26 > AR: Report of the Supervisory Board (Book II, page 6) > AR: Corporate Governance report, Management and control structure (Book II, page 16)	■	
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	> Innovation goals, page 66 > Customer and portfolio goals, page 70 > Compliance goals, page 74 > Environmental protection goals, page 78 > Product responsibility goals, page 82 > Occupational health and safety management goals, page 86 > Employee goals, page 92 > Supplier goals, page 96 > Corporate citizenship goals, page 125	■	
Commitments to external initiatives			
4.11 Implementation of the precautionary principle	> Stakeholder engagement, page 30 > Materiality portfolio, page 32 > Risk management, page 34	■	7
4.12 Endorsement of external initiatives	> Foreword, page 3 > Stakeholder engagement, page 30	■	1 – 10
4.13 Memberships in associations and/or national/international advocacy organizations	> Memberships and collaborative partnerships, page 31	■	

■ Indicator completely fulfilled ■ Indicator partially fulfilled ■ Indicator not fulfilled

Index related to the Global Reporting Initiative guidelines

	Siemens Sustainability Report 2009 (more detailed information in the Siemens Annual Report 2009)	Degree of fulfillment	Principles of the Global Compact
Stakeholder engagement			
4.14 List of stakeholder groups engaged by the organization	> Materiality portfolio, page 32 > Stakeholder engagement, page 30	■	
4.15 Basis for identification and selection of stakeholders with whom to engage	> Stakeholder engagement, page 30	■	
4.16 Approaches to stakeholder engagement (type/frequency)	> Materiality portfolio, page 32	■	
4.17 Key topics and concerns raised through stakeholder engagement and response by company	> Stakeholder engagement, page 30 > Materiality portfolio, page 32	■	
5. MANAGEMENT APPROACH AND PERFORMANCE INDICATORS			
ECONOMIC			
Management approach	> Strategy, page 20	■	
Aspect: Economic performance			
EC1 Direct economic value generated and distributed	> Key figures at a glance, page 2 > AR: Consolidated Statements of Income (Book II, page 122)	■	
EC2 Financial implications of climate change	> We are challenged, page 23 > The Siemens Environmental Portfolio, page 56 > AR: Driving sustainable business (Book I, page 54) > AR: Management's discussion and analysis, Report on expected developments (Book II, page 114)	■	7, 8, 9
EC3 Coverage of defined benefit plan obligations	> AR: Management's discussion and analysis, Pension plan funding (Book II, page 94) > AR: Consolidated Financial Statements, Notes (24) Pension plans and similar commitments (Book II, page 159)	■	
EC4 Significant financial assistance received from government	> Steering a clear course, page 21 > AR: Letter to our Shareholders (Book II, page 12 ff.)	■	
Aspect: Market presence			
EC6 Spending on locally based suppliers	> Supply Chain Management at Siemens, page 94 > Purchasing volume, page 120	■	
EC7 Local hiring and proportion of senior management	> Employee goals, page 92	■	6
Aspect: Indirect economic impacts			
EC8 Infrastructure investments and services provided primarily for public benefit	> Management: Corporate citizenship, page 98 > The Siemens Stiftung, page 99 > Project spending for corporate citizenship, page 126	■	
ENVIRONMENTAL			
Management approach	> Management: Environmental protection, page 76	■	7, 8, 9
 Indicator completely fulfilled Indicator partially fulfilled Indicator not fulfilled			

Index related to the Global Reporting Initiative guidelines

	Siemens Sustainability Report 2009 (more detailed information in the Siemens Annual Report 2009)	Degree of fulfillment	Principles of the Global Compact
Aspect: Materials			
EN1 Materials used by weight or volume	In view of the highly diverse Siemens product portfolio with its extremely wide variety of materials and processing steps, it is not possible to provide a figure at this time, and in our view it would not be meaningful. We will examine whether it will be possible and meaningful to give figures for standard materials (steel, plastic, copper) in the future.	■	
EN2 Percentage of materials used that are recycled	It is currently not possible to give a figure (see EN 1) and in our view it would only be partially meaningful. Functioning recycling systems exist for major materials such as steel, iron and copper, so that the new materials we purchase always include a high proportion of secondary material.	■	
Aspect: Energy			
EN3 Direct energy consumption by primary energy source	> Energy consumption, page 108	■	7
EN4 Indirect energy consumption by primary energy source	> Energy consumption, page 108	■	7
Aspect: Water			
EN8 Total water withdrawal by source	> Water and waste water, page 112	■	7
Aspect: Biodiversity			
EN11 Land used in protected areas	> Nature and wildlife conservation, page 113	■	7
EN12 Significant impacts of activities on protected areas	> Nature and wildlife conservation, page 113	■	7
Aspect: Emissions, effluents, and waste			
EN16 Total direct and indirect greenhouse gas emissions by weight	> Greenhouse emissions, page 109 f.	■	7
EN17 Other relevant indirect greenhouse gas emissions by weight, e.g. by business travel	> Greenhouse emissions, page 110	■	7
EN19 Ozone-depleting substances by weight	> Atmospheric pollutant emissions, page 110	■	7
EN20 NO, SO, and other significant air emissions by type and weight	> Atmospheric pollutant emissions, page 110	■	7
EN21 Total water discharge	> Water and waste water, page 112	■	7
EN22 Total weight of waste by type and disposal method	> Waste, page 111	■	7
EN23 Total number and volume of significant spills	> Environment-related incidents and penalties, page 113	■	

■ Indicator completely fulfilled ■ Indicator partially fulfilled ■ Indicator not fulfilled

Index related to the Global Reporting Initiative guidelines

	Siemens Sustainability Report 2009 (more detailed information in the Siemens Annual Report 2009)	Degree of fulfillment	Principles of the Global Compact
Aspect: Products and services			
EN26 Initiatives to mitigate environmental impacts of products and services	> Management: Product responsibility, page 80 > The Siemens Environmental Portfolio, page 56	■	7, 9
EN27 Percentage of recycled products and packing materials	The diversified Siemens portfolio consists primarily of long-lived industrial equipment and plants, so a blanket statement here would not be meaningful. In selected business areas there are units that resell refurbished items, such as "refurbished systems" in the Healthcare Sector. In such units, product packaging is reused whenever possible and reasonable.	■	
Aspect: Compliance			
EN28 Fines and sanctions for non-compliance with environmental regulations	> Environment-related incidents and penalties, page 113	■	
SOCIAL			
LABOR PRACTICES AND DECENT WORK			
Management approach	> Management: Occupational health and safety management, page 84 > Management: Employees, page 88	■	1 – 6
Aspect: Employment			
LA1 Total workforce by employment type, employment contract, and region	> Facts and figures: Employees, page 116	■	
LA2 Total number and rate of employee turnover by age group, gender, and region	> Employee fluctuation rate, page 89	■	6
Aspect: Labor/management relations			
LA4 Percentage of employees covered by collective bargaining agreements	This indicator is subject to the legal provisions of each country, so it is not possible to make a global statement for Siemens.	■	
LA5 Minimum notice period(s) regarding operational changes	This indicator is subject to the legal provisions of each country, so it is not possible to make a global statement for Siemens.	■	
Aspect: Occupational health and safety			
LA7 Injuries, absentee rates and work-related fatalities by region	> Management: Occupational health and safety management, page 85 > Facts and figures: Occupational health and safety management, page 114	■	1
LA8 Counseling, prevention, and risk-control programs regarding serious diseases	> Health management, page 85 > Fight against AIDS, page 101	■	1
Aspect: Training and education			
LA10 Average hours of training per year per employee by employee category	> Expenditure on continuing education, page 89 > Continuing education, page 119	■	1

■ Indicator completely fulfilled ■ Indicator partially fulfilled ■ Indicator not fulfilled

Index related to the Global Reporting Initiative guidelines

	Siemens Sustainability Report 2009 (more detailed information in the Siemens Annual Report 2009)	Degree of fulfillment	Principles of the Global Compact
Aspect: Diversity and equal opportunity			
LA13 Composition of governance bodies and breakdown of employees (by culture, gender, age)	> Diversity also in management positions, page 91 > Management-level employees, page 118	■	1, 6
LA14 Ratio of basic salary of men to women by employee category	This indicator is subject to the labor market and wage level of each country, so it is not possible to make a global statement for Siemens. Siemens adheres to the principle of performance-based pay, regardless of gender.	■	
HUMAN RIGHTS			
Management approach	> Management: Suppliers, page 94 > Facts and figures: Employees, page 116 f.	■	
Aspect: Investment and procurement practices			
HR1 Percentage/number of investment agreements with human rights clauses or screening	Investment agreements are likewise governed by our Business Conduct Guidelines, which take into account human rights. We therefore do not report separately on this indicator.	■	
HR2 Suppliers and contractors that have undergone screening on human rights	> Verifying supplier compliance with our sustainability requirements, page 95 f.	■	1 – 6, 10
Aspect: Non-discrimination			
HR4 Incidents of discrimination and actions taken	> Management: Compliance, page 73	■	
Aspect: Freedom of association and collective bargaining			
HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken	This indicator is subject to the legal provisions of each country, so it is not possible to make a global statement for Siemens. Siemens supports basic global employee rights and is a signatory of the United Nations Global Compact.	■	
Aspect: Child labor			
HR6 Operations identified as having significant risk for incidents of child labor and measures taken	> Verifying supplier compliance with our sustainability requirements, page 95 f. > Siemens Business Conduct Guidelines, page 73	■	1, 2, 5
Aspect: Forced and compulsory labor			
HR7 Operations with significant risk for incidents of forced or compulsory labor, and measures taken	> Verifying supplier compliance with our sustainability requirements, page 95 f. > Siemens Business Conduct Guidelines, page 73	■	1, 2, 4
SOCIETY			
Management approach	> Management: Compliance, page 72 > Management: Corporate citizenship, page 98	■	10
Aspect: Community			
SO1 Programs and practices that assess and manage the impacts of operations on communities	> Transparency and evaluation of measures, page 100	■	

■ Indicator completely fulfilled ■ Indicator partially fulfilled ■ Indicator not fulfilled

Index related to the Global Reporting Initiative guidelines

	Siemens Sustainability Report 2009 (more detailed information in the Siemens Annual Report 2009)	Degree of fulfillment	Principles of the Global Compact
Aspect: Corruption			
SO2 Percentage and total number of business units analyzed for risks related to corruption	> Management: Compliance, page 72 > Facts and figures: Compliance, page 104	■	10
SO3 Percentage of employees trained in anti-corruption policies and procedures	> Compliance training, page 104	■	10
SO4 Actions taken in response to incidents of corruption	> Compliance-related sanctions, page 73 > Compliance remediation, page 105	■	10
Aspect: Public policy			
SO5 Positions and participation in public policy development and lobbying	> Stakeholder engagement, page 30	■	1 – 10
Aspect: Compliance			
SO8 Significant fines and non-monetary sanctions for non-compliance with laws and regulations	> Environment-related incidents and penalties, page 113	■	
PRODUCT RESPONSIBILITY			
Management approach	> Management: Product responsibility, page 80	■	1, 7, 9
Aspect: Customer health and safety			
PR1 Lifecycle stages in which health and safety impacts of products and services are assessed for improvements	> Management: Product responsibility, page 80 > Lifecycle assessments, page 81	■	7
Aspect: Product and service labeling			
PR3 Principles/measures related to product information and labeling	> Environmental product declarations, page 81	■	8
Aspect: Marketing communications			
PR6 Programs for adherence to laws and voluntary codes	> Management: Compliance, page 73 > The obligation to comply with laws applies to Siemens worldwide and is anchored in our Business Conduct Guidelines, page 73	■	
Aspect: Compliance			
PR9 Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No significant fines known. When reporting its financial data, Siemens also provides information on legal disputes.	■	

The numbering is not always consecutive, because only the core indicators of the GRI are shown; the additional indicators are not included.

■ Indicator completely fulfilled ■ Indicator partially fulfilled ■ Indicator not fulfilled

New orders and order backlog; adjusted or organic growth rates of revenue and new orders; book-to-bill ratio; return on equity, or ROE; return on capital employed, or ROCE; Free cash flow; cash conversion rate, or CCR; EBITDA (adjusted); EBIT (adjusted); earnings effect from purchase price allocation (PPA effects) and integration costs; net debt and adjusted industrial net debt are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation as alternatives to measures of Siemens' financial condition, results of operations or cash flows as presented in accordance with IFRS in its Consolidated Financial Statements. A definition of these supplemental financial measures, a reconciliation to the most directly comparable IFRS financial measures and information regarding the usefulness and limitations of these supplemental financial measures can be found on Siemens' Investor Relations website at: www.siemens.com/nonGAAP.

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. For Siemens, particular uncertainties arise, among others, from changes in general economic and business conditions (including margin developments in major business areas and recessionary trends); the possibility that customers may delay the conversion of booked orders into revenue or that prices will decline as a result of continued adverse market conditions to a greater extent than currently anticipated by Siemens' management; developments in the financial markets, including fluctuations in interest and exchange rates, commodity and equity prices, debt prices (credit spreads) and financial assets generally; continued volatility and a further deterioration of the capital markets; a worsening in the conditions of the credit business and, in particular, additional uncertainties arising out of the subprime, financial market and liquidity crises; future financial performance of major industries that Siemens serves, including, without limitation, the Sectors Industry, Energy and Healthcare; the challenges of integrating major acquisitions and implementing joint ventures and other significant portfolio measures; the introduction of competing products or technologies by other companies; a lack of acceptance of new products or services by customers targeted by Siemens; changes in business strategy; the outcome of pending investigations and legal proceedings and actions resulting from the findings of these investigations; the potential impact of such investigations and proceedings on Siemens' ongoing business including its relationships with governments and other customers; the potential impact of such matters on Siemens' financial statements; as well as 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 does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Information resources

Address

Siemens AG
Wittelsbacherplatz 2
80333 Munich
Germany

Content responsibility and Contact for content-related questions Corporate Sustainability

Ralf Pfitzner
Phone +49 89 636-42241
E-mail ralf.pfitzner@siemens.com

Project coordination

Corporate Communications and Government Affairs

Dr. Johannes von Karczewski
E-mail johannes.karczewski@siemens.com

Further information

This Sustainability Report is also available in German.
Both the English and German versions are available
online at:

www.siemens.com/sustainability-report
www.siemens.com/nachhaltigkeitsbericht

Additional information on sustainability is available
at the Internet links specified in this Report as well as at:

www.siemens.com/sustainability

In addition to the Sustainability Report, Siemens publishes
a comprehensive Annual Report at the end of each fiscal
year and consolidated financial statements on a quarterly
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Ecofriendly production

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