

SIEMENS



Driving sustainability

Sustainability Report 2012

siemens.com/answers

Key performance indicators

KEY SUSTAINABILITY INDICATORS

	FY 2012	FY 2011	FY 2010
Economic			
Revenue generated by the Environmental Portfolio (in billions of €) ¹	33.2	30.2	27.7
in % of total revenue	42	41	40
Ratio of R&D expenses to revenue (in %)	5.4	5.3	5.2
Environment			
Accumulated annual customer reduction in carbon dioxide emissions generated by elements from the Environmental Portfolio (in millions of metric tons) ¹	332	257	213
Improvement in environmental performance – energy efficiency relative to the baseline year (FY 2010) ¹	8%	4%	–
Improvement in environmental performance – waste relative to the baseline year (FY 2010) ¹	6%	10%	–
Reduction of waste for disposal relative to the baseline year (FY 2010) ¹	4%	(3)%	–
Improvement in environmental performance – CO ₂ emissions relative to the baseline year (FY 2010) ¹	12%	5%	–
Number of suppliers who have completed a self-assessment as part of our energy efficiency program EEP _{4S} ¹	916	3 ²	–
Employees and society			
Total employees, continuing operations (in thousands)	370	359	335
Total employees, continuing and discontinued operations (in thousands)	410	402	405
Employee fluctuation rate (in %) ^{3,4}	10.7	12.9	12.9
Proportion of women (as a percentage of employees in management positions) ³	15.3	14.6	13.7
Expenditure on continuing education (in millions of €) ^{3,5}	283	251	225
Expenditure per employee on continuing education (in €) ^{3,4}	693	608	560
External sustainability audits with Siemens suppliers ¹	357	284	203
Fatal accidents (Siemens) ^{1,6}	4	3	4
Rankings			
Points in Dow Jones Sustainability Index	92	90	87
Points in Global 500 Carbon Disclosure Leadership Index	98	97	98

1 Continuing operations.

2 Pilot phase.

3 Continuing and discontinued operations.

4 Employee fluctuation rate is defined as the ratio of voluntary and involuntary departures to the total number of Siemens employees for a fiscal year.

5 Travel expenses not included.

6 The figures do not include commuting accidents.

TITLE PHOTO – São Paulo is currently dominated by soccer. In the Parque do Ibirapuera, one of the city's landmarks, the children are already preparing for the soccer World Cup next year. With its financial commitment for the "Jogos Limpos" initiative set up by the Instituto Ethos, Siemens is helping to ensure fair competitive conditions for the infrastructure projects as well.

WWW.SIEMENS.COM/SR/INTEGRITY-INITIATIVE

Contents

- 2 Key performance indicators
- 4 Foreword

Strategy

- 7 Siemens – a strong partner for sustainability
- 8 Our Environmental Portfolio: an important pillar of our business success
- 9 Innovations are our lifeblood
- 9 Sustainability as a guiding principle
- 10 Sustainability creates business opportunities
- 10 Sustainability needs to be firmly anchored
- 11 The challenges remain but we are on the right course

Examples of sustainable business

- 14 Responsibility



How can an international company contribute to the sustainable development of our planet? Managing Board member Barbara Kux provides answers in an interview

→ PAGE 14

- 20 Growth



With its innovative products and solutions, Siemens is helping its customers tap new business opportunities, improve their ecological performance and, not least, grow in a profitable and sustainable way.

→ PAGE 20

- 30 Efficiency



Efficiency is one of the key elements to sustainable development. The Siemens Multix Select DR, our entry-level digital radiography system, is a good example of this.

→ PAGE 30

Facts and figures

- 40 Reporting method
- 42 Innovation
- 44 Customers and portfolio
- 46 Compliance
- 48 Employees
- 52 Occupational health and safety management
- 54 Environmental protection and products
- 61 Suppliers
- 64 Corporate citizenship
- 66 Independent assurance report
- 68 United Nations Global Compact
- 70 United Nations Water Mandate
- 71 Global Reporting Initiative
- 72 Notes and forward-looking statements
- 74 Information resources



Driving sustainability –
An aim, a responsibility
and an opportunity

Dear readers, we have only one planet to live on. Yet humanity is already consuming the equivalent of the natural resources of 1.5 planets. And the impact on the environment, the climate and society is unmistakable.

That's why we must act today to ensure that future generations inherit a world worth living in. The children from São Paulo featured on the front cover of this report are already part of this future. They represent our stakeholders of tomorrow – our customers, partners, investors and employees. And they also represent the wide variety of requirements to be met as societies around the world join the quest for a sustainable future. At Siemens, we're preparing for this future with an overarching strategy that has sustainability as its guiding principle. Sustainability is more than just a buzzword: It derives from ways of thinking and acting which were developed 300 years ago and affect many areas of our life today. The concept of sustainability also had an impact on our company's founder. Werner von Siemens recognized early on that sustainability had great potential for an innovative company and that the principles of good business – that is, efficiency and growth on the one hand, and responsibility for society and the environment, on the other – were not mutually exclusive but mutually reinforcing. This understanding of sustainability as a business opportunity that drives economic, environmental and social progress has dominated our strategy and activities for 165 years.

And our Company's structure reflects this focus. Sustainability is addressed at the Managing Board level and is firmly anchored in our organization. In 2009, we launched a comprehensive Sustainability Program and established the Sustainability Board, which comprises high-ranking representatives from throughout the Company, as well as the Sustainability Advisory Board, which consists of leading external experts. We're fully committed to the goals of the Global Compact and the CEO Water Mandate of the United Nations. And we actively cooperate with organizations such as the World Business Council for Sustainable Development, the Global Reporting Initiative, the World Economic Forum and the World Resources Institute.

External assessments conducted in fiscal 2012 also attest that we're on the right track. In the Dow Jones Sustainability Index, we were named the world's most sustainable industrial company – not only capturing the No. 1 spot for diversified industrials for the fifth time in a row but also, for the first time, leading the industrial goods and services category which includes all nine different industries. We also again improved our score in the Carbon Disclosure Project, achieving an excellent result, with 98 out of 100 points. The action we've taken is impressive, and the facts speak for themselves – in terms of business and environmental performance alike. In fiscal 2012, we generated €33.2 billion with the products and solutions in our Environmental Portfolio while enabling our customers to cut their CO₂ emissions by 332 million tons. We also took an important step forward in the area of healthcare, where we're working with customers and partners to improve healthcare worldwide. In 2012, over 890 million people worldwide benefited from our medical imaging technologies, such as our Multix Select DR digital radiography system.

The following pages show how we're driving sustainability with respect to our business, the environment and society. Focusing on selected everyday activities at our company, we invite you to take a look at how we're demonstrating accountability while driving efficiency and growth – in other words, how we're contributing to sustainable development. The report depicts how we're pushing efficiency in the development and production of one of our products while also increasing its customer benefit, and how we're enhancing the sustainability of our customers' businesses with our products and solutions. Find out about the challenges confronting Siemens worldwide and how we're tackling them to achieve our goals – to the benefit of the environment, society and our Company. See for yourselves how we're tackling these challenges.



Peter Löscher
CEO of Siemens AG



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

Sustainability as a strategic principle

300 years after the idea of sustainability was first put forward, it is still on the agenda for all of us. Sustainable practices are required more than ever before. Throughout the world, governments, societies and businesses are being confronted by economic, ecological and social challenges that need specific answers and rapid action. As a globally operating technology company, Siemens is aware of its responsibility and is taking it seriously. For the sake of future generations, we want to act responsibly and make economic, ecological and social progress. That's how we see sustainability and how we are acting.

When Hans Carl von Carlowitz pleaded for respectful, careful and "sustainable use" of nature 300 years ago in *Sylvicultura Oeconomica*, his book on forestry, he originated a term that has left its mark on present thoughts and deeds: sustainability. Now, 300 years later, the challenges we face differ from those in the 18th century, yet in many respects they are the same. Sustainability remains on the agenda and sustainable practices are more necessary than ever before because the world's resources are finite and must be used in an efficient and sustainable manner.

"Our civilization is a long way away from sustainable practices," is the blunt opinion of Björn Stigson, who was president of the World Business Council for Sustainable Development until 2012. Since it was founded in 1995, few other institutions have been so engaged in sustainable business conduct. Mr. Stigson, member of the Siemens Sustainability Advisory Board, does not simply leave it at that but calls for action (see his statement on → PAGE 12): "The situation is getting more alarming from year to year. The world's population is growing and, accordingly, the consumption of resources is also rising. In addition, people are still largely dependent on non-renewable resources such as fossil fuels. The negative impact on the climate is evident." His estimations match ours from years of observing megatrends. They are outlined below and cover the spheres in which governments, societies and businesses need to take action.

- > The world's current population will increase by one-third by 2050, and most people will be living in countries currently classed as emerging market economies. All in all, 85% of humankind will be living there in roughly 40 years' time and just 15% will be born in today's industrialized economies. They are all united by, among other things, a desire for healthcare in line with their needs (see also "Our sustainable healthcare strategy" on → PAGE 39).
- > This associated with the natural striving for a higher quality of life in these countries, which involves economic growth and increased consumption of energy and other resources. This applies in particular to the urban agglomerations in which some 70% of the world's population – about six billion people – will be living by the middle of this century.
- > And researchers are pointing to another alarming aspect: the Earth has warmed by 0.7° Celsius and this is largely due to CO₂ emissions by human-related activities. And there is no sign of a reversal of this trend yet. On the contrary, the Intergovernmental Panel on Climate Change is reckoning with a further rise in global warming of 1.1 to 6.4° Celsius for the 21st century – with corresponding consequences for people and the environment.

The impact of all this on our planet is revealed in investigations by the Global Footprint Network (see graph on the right-hand page), which compares economic development and the associated yearning

for better living conditions in developing and emerging countries with their ecological footprint. The conclusion is that emerging countries, on their way to better living conditions, must take a different course than today's industrialized economies. They must not repeat the development process that characterized traditional industrialization and placed tremendous burdens on the environment. On the contrary, they must organize their development to maximize resource efficiency. And industrialized economies need to help them and, at the same time, reduce their ecological footprint drastically.

The good news is that we can do something about this – as countries, societies and businesses. Action can be taken in many areas, as a look at climate change and its causes clearly shows. We already have a variety of solutions to reduce CO₂ emissions noticeably – on both the producer and consumer side. According to the International Energy Agency, the global energy market will grow by 2.8% per annum up to 2030, and the proportion of renewable energy production will grow at the same time but, at 60%, fossil fuels will continue to make up the bulk. That is why resource efficiency is essential for energy producers and consumers alike.

Siemens – a strong partner for sustainability

When it comes to sustainability, Siemens is a strong partner as our products, solutions and services are helping to slash the consumption of energy and other resources on both the producer and consumer side. Our employees develop technologies and manufacture products that save electricity and reduce emissions in regular, everyday use and that make manufacturing processes and operations less resource-intensive. Specifically, these are technologies and products

- > that efficiently generate electricity from both fossil fuels and renewable energy sources,
- > that transport electricity efficiently, such as high-voltage direct-current (HVDC) transmission links and smart grids, and
- > that use energy and resources efficiently, such as intelligent building technologies, innovative infrastructure and mobility solutions, IT technologies tailored to industrial production as well as efficient medical engineering products that clearly reduce stress for patients, cut operating costs for hospitals and private practices, and improve access to healthcare.

Our contribution to sustainable development

Page 14

Responsibility

Siemens takes its responsibility seriously and contributes to the sustainable development of our planet. In her interview, Managing Board member Barbara Kux talks about recent developments and perspectives for the future.

Page 20
Growth

With its innovative products, solutions and services, Siemens is helping its customers tap new business opportunities, improve their ecological performance and, not least, grow in a profitable and sustainable way.

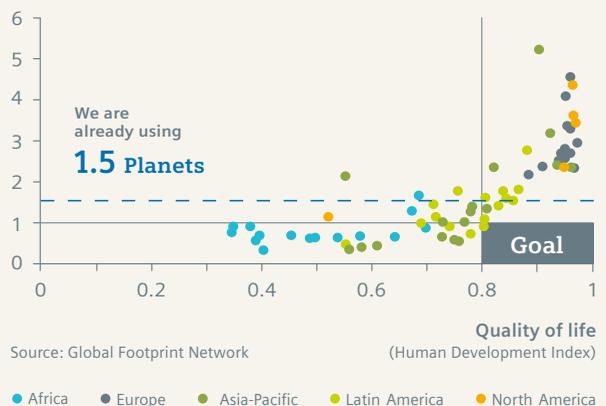
Page 30
Efficiency

Efficiency is one of the keys to sustainable development. The Siemens Multix Select DR, our entry-level digital radiography system, is a good example of this.

WWW.SIEMENS.COM/SUSTAINABILITY-REPORT

We only have one planet

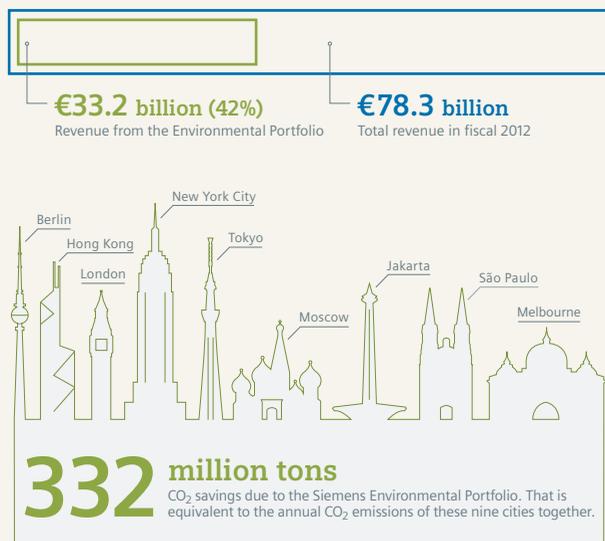
Ecological Footprint
(number of Earths required)



We only have one planet to live on. That's why sustainable practices are not just desirable but essential. But how can we make progress in this area? What indicators are there? And how can we create transparent criteria as a basis for practices? The Global Footprint Network, a forum of leading experts, has been looking into these questions for years and has come up with some important findings in its Human Development Initiative. A look at two internationally recognized indicators, the Human Development Index and the Ecological Footprint, clearly shows that we will have a future worth living only if we manage to create good living conditions for everyone without destroying the foundations of our own lives. As a globally operating technology Company, we want to make our contribution to this with our products, solutions and expertise – that is our task and duty.

WWW.SIEMENS.COM/SR/HDI
WWW.FOOTPRINTNETWORK.ORG

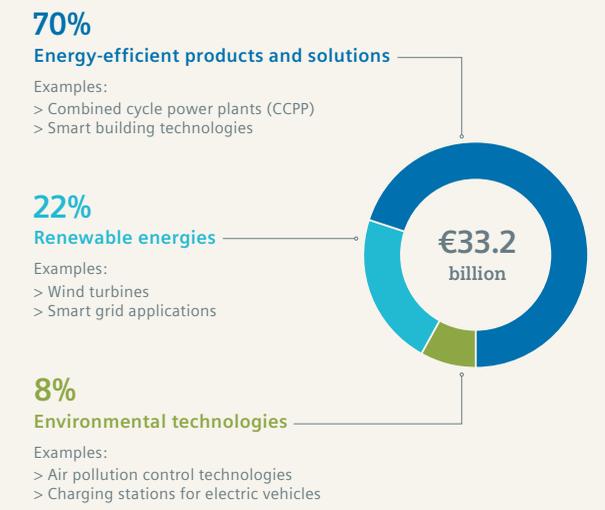
Active in sustainability



Siemens is one of the world's largest suppliers of green technologies. Roughly 42% of the Company's revenue already comes from our Environmental Portfolio, totaling €33.2 billion in fiscal 2012 alone. Green technologies have been among Siemens' growth drivers since 2008 without interruption. And that's not all. With the products, solutions and services from our Environmental Portfolio, we are helping our customers boost their energy efficiency while considerably reducing their carbon dioxide emissions. In the year under review, this saved about 332 million tons of CO₂, which is equivalent to the emissions of the cities shown here.

WWW.SIEMENS.COM/ENVIRONMENTAL-PORTFOLIO

Our contribution to environmental and climate protection ¹



¹ Distribution based on qualification process

WWW.SIEMENS.COM/SR/ENVIRONMENTAL-PORTFOLIO-ELEMENTS

These products and solutions are part of our Environmental Portfolio, which generated revenue of €33.2 billion in the year under review. That is some 42% of our total consolidated revenue, up roughly 10% year-on-year on a comparable basis. If you add the revenue of €3.9 billion generated by OSRAM with its environmental portfolio in the same period, it becomes apparent we are already quite advanced on the path towards our target of €40 billion revenues with products and solutions from the Environmental Portfolio by the end of fiscal 2014, a goal which was set in fiscal 2010 on the basis of the portfolio structure at the time. The portfolio divestments that already have been implemented and planned in the meantime, cannot, however, be compensated purely with our own businesses by that time.

Our Environmental Portfolio: an important pillar of our business success

We are one of the leading green companies in the world and a pioneer in sustainable infrastructure solutions, and we want to remain so. Our Environmental Portfolio contributes substantially to real sustainability, for the benefit of future generations and for the protection and preservation of our natural environment. This is backed up by facts:

- > Over two-thirds of the solutions in our Environmental Portfolio relate to energy efficiency. For example, our industrial motors in conjunction with variable-speed technology can reduce energy consumption by up to 70%. And whereas the average efficiency rating of combined cycle power plants is just 50% at present and that of the installed power plants in most countries of the world is much lower, our highly efficient CCPPs achieve an efficiency rating of more than 60%.
- > Furthermore, the wind energy business contributes some €5 billion to the revenue generated with our Environmental Portfolio. For example, our gearless six-megawatt wind turbines are in demand throughout the world. Our customer and partner DONG Energy has already ordered 300 of them for its wind farms off the coast of Great Britain (see → PAGE 22). With a rotor blade of up to 75 meters – the largest single-cast fiberglass component in the world – a single wind turbine of this size can generate enough electricity to power 6,000 households.

The important thing here is that both the ecological and the economic sustainability of our business activities is ensured. However, in large parts of our water and solar energy business, this was no longer the case. We therefore decided to divest ourselves of

these two business fields, especially in view of the fact that they made up less than 5% of the revenue generated with our Environmental Portfolio.

Chemical water treatment requires expertise primarily in the area of process engineering and therefore offers few synergies with our other business activities. As far as water business is concerned, we will therefore be concentrating on our core competencies in the field of automation technology in the future. The general conditions in the area of solar thermal energy have changed significantly in a very short time, for example due to the drastic price collapse of photovoltaic modules and extremely aggressive competition from the Far East. In terms of renewable energies, we are therefore focusing on the attractive markets of wind energy and hydropower.

The Environmental Portfolio remains an important pillar of our business success as it addresses especially dynamic markets. According to statistics published by the German Ministry for the Environment, the worldwide market for green technologies is currently worth about €2 trillion per year. And experts predict that its volume will double by the year 2020. We want to participate in that, and see further growth potential for us.

Alongside the economic aspect, the ecological dimension of our Environmental Portfolio also shows the significance of growth in this field. Our environmental technologies enabled customers to reduce CO₂ emissions by 332 megatons worldwide in the past fiscal year alone (see graph on the left-hand page). If you take the associated resource savings into account, the ecological and economic benefits become even more apparent.

Our current technology portfolio already covers 32% of the savings potential identified for 2030 in a study by the management consulting firm McKinsey; and that is throughout the value chain – from energy producer to end consumer. We are contributing to greater resource efficiency and climate protection not only in respect of our customers but also our suppliers. Our Energy Efficiency Program for Suppliers (EEP4S) is a good example of this (see → PAGE 63). It helps our suppliers reduce their consumption of energy and other resources. In this regard we draw upon the knowledge and expertise that we have gained from our Environmental Portfolio and our own environmental program.

Innovations are our lifeblood

We are continuing to push the boundaries. Our scientists and engineers are working worldwide on new

products and solutions, aiming to reduce the consumption of resources, give customers more benefits and, all in all, improve the living conditions of people throughout the world. A look back at the 165-year history of our Company clearly shows that innovations have always been, are and will always remain the lifeblood of Siemens; they are the expression of responsible and thus sustainable practices aimed at the future.

Our innovations impact many areas of life such as transportation, industry and healthcare. Today, people around the world rely on trains, metros and light-rail systems from Siemens to provide them with safe, ecofriendly transport to and from their homes and places of work. In industry, our product lifecycle management (PLM) software makes it possible to develop, simulate and test products in the virtual world and to model entire production processes (see → PAGE 26). And in hospitals, our innovative liver fibrosis test enables doctors to examine patients suffering from chronic liver disease without having to conduct time-consuming, potentially dangerous biopsies. The significance of our sustainable energy supply technologies has already been pointed out.

This is why we are keeping our expenditure on research and development at a high level and can look at our successes with pleasure. Our R&D employees are now reporting more than twice as many inventions as in 2001. In fiscal 2012, we filed 8,900 invention reports – some 5% more than a year earlier. During the same period, we even increased the number of our patent first filings by about 7% to 4,600, making Siemens once again a leader in the worldwide patent statistics and No. 1 in Europe (see also → PAGE 43).

Sustainability as a guiding principle

All this shows that sustainability is a guiding principle at our Company and the goal of sustainable value creation remains a key element of our strategy. Two years ago we established the strategic framework for this in the shape of One Siemens. With this target system for sustainable value creation and capital-efficient growth at our Company, we have pointed the way ahead.

Its strategic directions – “Focus on innovation-driven growth markets”, “Get closer to our customers” and “Use the power of Siemens” – set the milestones which will be reached in specific focus areas.

> The products and solutions in our Environmental Portfolio and the innovative power of Siemens play

- a central role in contributing to environmental and climate protection while also strengthening our standing in these innovation-driven growth markets.
- > A close customer relationship based on trust and a competitive, globally balanced and localized network of suppliers supports us in getting closer to our customers all over the world.
 - > Excellent employees are one of Siemens' vital strengths as they play a key role in our success and are the true power of Siemens. Leveraging the power of Siemens also means strict adherence to clear principles of integrity – something we also expect of our partners and suppliers.

The important thing is the basic idea behind it: our broad understanding of sustainability and what we demand of ourselves – in the economic, ecological and social arenas. What it boils down to is that we want to achieve sustainable value creation; improve with our innovative products, solutions and services the environmental performance of our customers, suppliers and partners; pursue our own internal environment goals; and establish appropriate measures at the Company. We are looking for the best employees, enable them to gain qualifications and offer them opportunities to develop. And last but not least, we are engaged socially in the framework of our corporate citizenship activities.

We are aware that decisions will not always be free of conflicting targets and try to make them transparent and as optimal as possible. Siemens is aiming for responsible use of natural resources, targeted investments in viable technologies that promise profitable growth and offer our customers a competitive edge, and corporate ethics that extend beyond compliance with the law and focus on integrity.

We are convinced that, with this approach, we are conducting business in a sustainable manner while building the basis for a successful future for our Company.

Sustainability creates business opportunities

In the sense used above, sustainability also means business opportunities that we want to exploit consistently. This report illustrates this point with three specific examples.

“Walk the talk” – that is the central pillar of Siemens' sustainability program. The overriding aim of our activities is to make concrete contributions to the

sustainable development of our planet. You can find out how that exactly works, which successes we've achieved, which challenges lie ahead and, last but not least, which steps will be necessary in the future in our interview with Barbara Kux. As Chief Sustainability Officer, she has been responsible for sustainability on the Managing Board since 2008, has promoted the topic through numerous initiatives, and has visibly highlighted its significance within the Company.

Then we invite you to get to know four Siemens customers from our Energy, Healthcare, Industry and Infrastructure&Cities Sectors. We show you how our innovative products, solutions and services are helping our customers tap new business opportunities, improve their ecological performance and, not least, grow in a profitable and sustainable manner.

After that, our travels take us to China, which will continue to be a significant growth market for the future. Here we demonstrate that efficiency is an important, and perhaps the most important, key to sustainable development. Using a medical technology example – the Siemens Multix Select DR, our entry-level digital radiography system – we show how efficiency can be boosted throughout all phases of its lifecycle: from development to production to its use by customers. You can learn more about all three topics by reading → [PAGES 14-39](#).

Sustainability needs to be firmly anchored

The importance Siemens attaches to the topic of sustainability is also evident in the way it is firmly anchored in the Company's culture. In contrast to many of our competitors, we have made it a matter for the Managing Board and have set up an appropriate support organization. A cross-departmental and cross-functional committee, the Siemens Sustainability Board, defines the guidelines for our sustainability activities. As our central body for sustainability, it convenes regularly to set priorities for the main issues for Siemens and its stakeholders, define the strategic focus of our sustainability activities, and approve appropriate measures and initiatives. Its work is guided by the principle of materiality (see graphic on the right-hand page). High-ranking representatives of the Sectors, all relevant specialist functions and our Regional Companies provide the necessary expertise and decision-making authority. In addition, the Siemens Sustainability Advisory Board,

a committee of leading international experts, contributes vision from an external, independent standpoint (refer to the statement by Björn Stigson on → PAGE 12). It supplements and aggregates, at the top level, the information and knowledge that we acquire in the course of our varied engagement in the main national and international sustainability organizations. Siemens has, for example, been taking part in the Global Compact since 2003 and has thus committed itself to comply with the social and ecological standards set out in the United Nations' declaration. On top of that, we work together with the most important organizations in this field, such as the World Business Council for Sustainable Development, the United Nations Environment Programme, the Global Reporting Initiative, the World Economic Forum and the World Resources Institute. We also play an active role in various sustainability initiatives.

In order to carry out these tasks successfully and meet our objectives, in 2009 we set up the Corporate Sustainability Office directly beneath the Managing Board to support the two boards mentioned above, control our work in the various sustainability organizations and coordinate company-wide programs and measures.

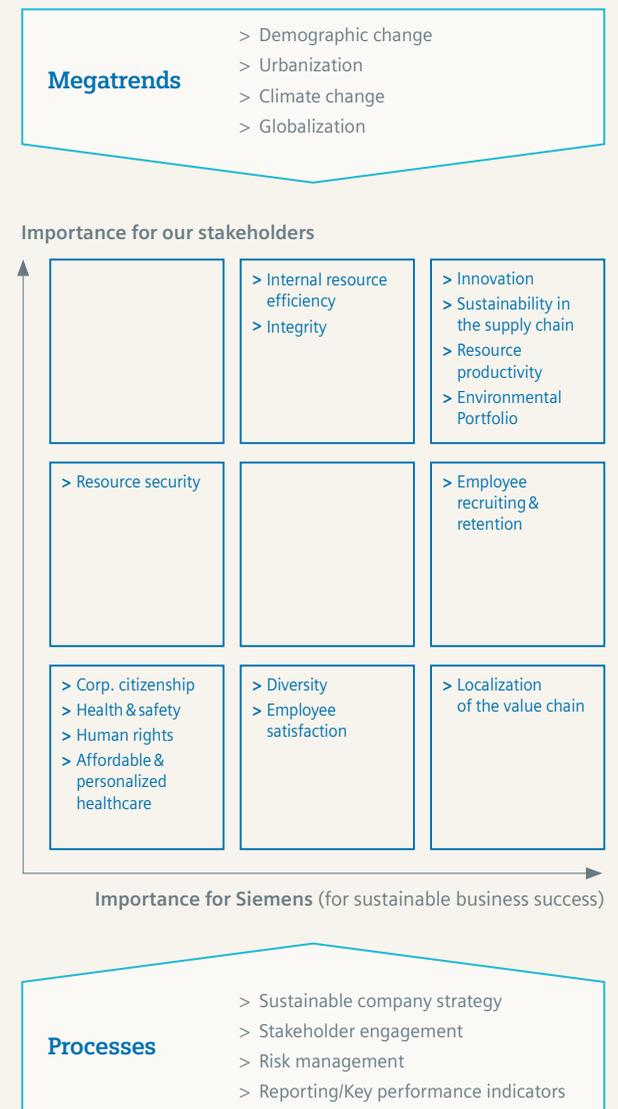
As the composition of the Sustainability Board shows, we see sustainability as a Company-wide task that requires clear structures and close cooperation between various units within the Company. The classical silo mentality wouldn't get us anywhere. We will come up with concepts and solutions that help us to achieve our corporate goals only when the various specialist functions within the Company – ranging from Innovation to Corporate Citizenship (see the corresponding sections on → PAGES 42-65) – act together and mesh closely with our business activities and also conduct a solution-oriented dialog with our external stakeholders.

The challenges remain but we are on the right course

Sustainability is on the agenda more than ever before. The challenges that we have described are huge but, as a globally operating technology Company, Siemens already has the products, solutions, innovative strength and technological expertise to make a big contribution to sustainability.

We are facing up to our responsibility in a transparent and committed manner in order to meet our goals.

Guided by materiality



We regularly identify sustainability topics based on their importance for Siemens and our stakeholders, and prioritize them on the principle of materiality. In our materiality matrix we highlight key sustainability issues and their significance for our stakeholders and Siemens. The prioritization shows the action areas identified in the survey as the key levers for sustainable business success, on which we will also continue to focus in the future. In the current fiscal year we consulted some 40 experts from science, industry, politics, non-governmental organizations and consultancies as part of a process that closely integrates analyses of general developments, our orientation to megatrends, and intensive dialog with our stakeholders. Internal working groups combined the outcomes of this dialog with assessments from the Company's specialist functions, and the results were then discussed with our Sustainability Board and the Siemens Sustainability Advisory Board, a high-level panel of independent experts. The outcome: our 2013 – 2014 materiality matrix.

Pioneers like Siemens are contributing to the sustainable development of our planet



Björn Stigson was president of the World Business Council for Sustainable Development from 1995 to 2012. This institution has dealt intensively with sustainable business conduct ever since it was founded and is an important discussion forum for sustainability-oriented companies like Siemens. Among other things, the former top manager now puts his longstanding experience into advisory bodies for governments and international organizations. In addition, he has been a member of the Siemens Sustainability Advisory Board since 2009 and provides us with advice and assistance.

The world is facing big challenges

Those who, like myself, have been dealing intensively with sustainable development and appropriate strategies for years in various committees know that our civilization is unfortunately a long way away from sustainable practices and that the situation is getting more serious from year to year. The world's population is growing and the consumption of resources that this entails is increasing accordingly. And another fact is that people are still largely dependent on non-renewable resources such as fossil fuels.

The negative impact on the climate is evident. A look at the countries currently classed as emerging market economies makes this clear: By the middle of this century only 15% of the world's population will be living in industrialized economies. Conversely, this means that the current emerging countries will be home to more than three-fourths of the world's population. And they will all be united by one set of wishes – to combat poverty, to achieve better living conditions and, last but not least, to create prosperity. But that has its price; the consumption of energy and other resources will rise even further.

That might sound alarming but it is the reality. The facts speak for themselves. We cannot carry on as before. It is time to think again because there is no alternative to sustainable practices.

Efficient and climate-neutral solutions are needed

What has to be done? Politicians need to see reason, society must change its views and pressure has to be brought to bear and, in particular, the world requires products and solutions that are energy-efficient and climate-neutral and thus eco-friendly. Technical innovation and pioneering efforts are and remain the most important drivers for a change to an energy-efficient, climate-neutral economy.

Even ambitious climate protection goals can be achieved if creative engineers devise solutions allowing electricity to be produced in the future from renewable sources in a way that can compete with fossil fuels such as coal, oil and gas. Solutions like these will play a key role in shaping living conditions in the decades ahead. And the good news is that things are happening. In 2011, a record amount of money was invested worldwide in renewable sources of energy. The United Nations Environment Programme calculated that \$257 billion (about €205 billion) flowed into the green energy segment, 17% up year on year.

As far as business is concerned, this means that companies developing, manufacturing and selling such products and solutions will have opportunities for growth and profit. And the world's leading companies have recognized this. A green race has started to find the leading supplier of resource-efficient, climate-neutral products and solutions.

Siemens is setting standards

I am convinced that only those businesses will succeed in the long term that focus their development efforts on such products and solutions, who set up corresponding innovation processes and who define sustainability as one of the guiding principle of their company strategy and act in line with it. Siemens is making very good progress here and is setting standards with the innovative, resource-conserving and climate-neutral products and solutions in its Environmental Portfolio. Savings of 332 million tons of CO₂ among its customers in the past fiscal year alone show how sustainable practices can have a tangible effect. That Siemens already generates 42% of its total revenue with its Environmental Portfolio proves that economy and ecology do not need to clash with each other. As this report shows, Siemens is also successful in other fields of sustainability. The fact that sustainability is anchored in the Company's organizational structure in the special way it is has, in my opinion, contributed to this.

It is pioneers like Siemens – with its technological expertise, innovative strength and implementation skills – that make a big contribution to the sustainable development of our planet.

Siemens needs to follow on from this and keep going in the direction in which it has set off. I am looking forward to continuing my collaboration with Siemens and reserve the right to remain difficult in the future whenever necessary.

External awards that we received during the year under review show yet again that we're on the right track. In terms of sustainability, the renowned Dow Jones Sustainability Index ranked us best in class. We have been best in class in our own category repeatedly over the years but, for the very first time, that title was also awarded to us across nine categories: Supersector Leader as the Dow Jones Sustainability Index calls it. This assessment is based on a set of criteria covering economic, ecological and social dimensions on the one hand and general and sector-specific aspects on the other hand. 1,500 companies are included in the assessment process. And the important Carbon Disclosure Project also ranks Siemens as one of the leading companies, with a score of 98 points out of 100. This organization, which was founded in London in the year 2000, aims to make companies' emission reporting more transparent. This gives businesses a significant incentive to review their climate policy and reduce their CO₂ emissions.

These awards give us great pleasure. They are both an acknowledgement and a reminder: an acknowledgement because they show we are on the right track and should stick to it unwaveringly, and a reminder to keep going in this direction even in the face of a difficult macroeconomic situation.

Only by growing sustainably, developing innovative and resource-efficient products and solutions, and being a trustful partner to support our customers in their activities can we contribute to social progress and quality of life around the world. And that is what is needed to continue implementing in the future a corporate strategy that raises sustainability to one of its guiding principles.

Keep us company in achieving our goals – with commitment and constructive criticism. After all, sustainability is something that concerns us all. We are looking to continuing our dialog with you.

WWW.SIEMENS.COM/SR/SUSTAINABILITY-STRATEGY

We are on the right track

Dow Jones Sustainability Index

First place
(92 of 100 points)

Best in class –
Industrial Goods
and Services



Carbon Disclosure Project

Outstanding result
(98 of 100 points)

In the Global 500 Carbon
Disclosure Leadership Index
for the fifth time in a row

CARBON DISCLOSURE PROJECT

Siemens is on the right track with its sustainability activities. This is demonstrated by the many awards we received in the year under review. We are particularly proud of our performance in the renowned Dow Jones Sustainability Index. Siemens has ranked highly for 13 years now, but in the year under review the Company won two awards: best in class both in Industrial Goods and Services and in Diversified Industrials. In addition, the respected Carbon Disclosure Project included us in its Global 500 Carbon Disclosure Leadership Index for the fifth time in a row.

WWW.SIEMENS.COM/SUSTAINABILITY

Acting sustainably, creating new busi- ness opportunities.

Making a concrete contribution to sustainable development and seizing business opportunities – that is the standard and the goal we have set for our activities. You can find out how that works, which successes we've achieved, which challenges lie ahead and, last but not least, which steps will be necessary in the future in our interview with Barbara Kux. As a member of the Managing Board and Chief Sustainability Officer, she has been responsible for sustainability on the Managing Board since 2008, promoting the topic with a comprehensive program and visibly highlighting its significance within the Company.



ABOVE – Barbara Kux, member of the Managing Board and Chief Sustainability Officer at Siemens AG, reviews Siemens' successes in promoting sustainability in all areas of the Company.

Why is sustainability important for enterprises?

BARBARA KUX: Sustainability has always been crucial to enterprises' long-term success. And it is possible only by simultaneously achieving environmental, economic and social objectives on an equal basis. Sustainability is gaining significantly in importance. After all, we are already consuming the natural resources of 1.5 Earths. This will be exacerbated by the fact that, according to the latest forecasts, the world's population will grow from 7 to 9 billion. The rising living standard of the middle class in emerging countries is also contributing to the increase in resource consumption. Then there is urbanization: More and more people live in conurbations. So that we can cover our food, water and energy needs in the future, we have to do more with less. Resource productivity will become a key factor. The good news is that 70% of the potential to reduce global greenhouse gas emissions by 2030 can already be tapped using the technical solutions available today.

To what extent does sustainability contribute to social development? Can you explain Siemens' role in that?

BARBARA KUX: As a supplier of infrastructure, Siemens helps society make progress with its innovative products and solutions. The "Strategy" section of this report gives more details of our differentiated offering for industrialized nations and emerging and developing countries. Moreover, we together with other companies and institutions are committed to fair competition in many markets worldwide. In close coordination with other players, we aim to strengthen social and economic integrity by means of well-defined projects. We also conduct an intensive dialog on other important fields for society, such as in implementing the energy transition in Germany or developing new approaches to increase resource and energy efficiency in Europe. We also support educational projects such as the roll-out of Germany's very successful dual training system in other regions of the world. After all, everyone involved gains from combining practice and theory in vocational training. Finally, we sponsor concrete projects for the benefit of society in the shape of our corporate citizenship activities, for example through the Siemens Stiftung.

In November 2008, the Supervisory Board appointed you to the Managing Board and as the first Chief Sustainability Officer in the Company's history. What was the situation like to begin with?

BARBARA KUX: When I started, Siemens had just gone through the difficult compliance phase and the economic crisis was dictating our operational activities. We first focused on optimizing the supply chain so as to be able to make as high and sustainable a contribution to Siemens' earnings as possible. To achieve this, I, together with our teams, initiated the necessary objectives, programs and structures in January 2009. One other issue I focused on was sustainability. Siemens had three strengths on which to build in this regard: First, the Company had already defined an Environmental Portfolio with clear criteria. Second, there had always been a raft of sustainability activities at Siemens, but they had not been coordinated or pooled in an all-embracing way. Third, thinking and acting in terms of sustainability had been a guiding principle of Werner von Siemens and, since the Company was founded in the 19th century, has been part of its and its employees' DNA.

How did you proceed?

BARBARA KUX: The objective in the first stage was to create a diagnosis and an inventory of all existing technologies and to determine where greenhouse gas emissions could be reduced. To do that, we applied an established method known as the CO₂ abatement curve to our Siemens technologies. The result was astonishing: Our existing technologies at the time offered the potential to cut global greenhouse gas emissions by 37% – a realization that was not only impressive but also represented a major competitive advantage. This competitive advantage determined what the core element of our strategy would be: to systematically leverage and build on the business opportunity that sustainability offered us. We defined a Sustainability Program with the clear goal of increasing our business opportunities and competitive advantages. The program is based on three pillars. The first pillar is to leverage sustainability as a business opportunity to a greater extent. The second is to act as a role model for sustainability, both internally for our employees and externally in working with our partners. The third pillar

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

"The good news is that 70% of the potential to reduce global greenhouse gas emissions by 2030 can already be tapped using the technical solutions available today."



ABOVE – Our state-of-the-art combined cycle power plants make a major contribution to protecting the environment and climate: A power plant equipped with a 570-MW 8000H gas turbine can reduce CO₂ emissions by 700,000 tons a year compared with the average for all plants worldwide.

is to form alliances in order to promote sustainability. The latter was borne of the realization that no company can effectively drive sustainability on its own. Our objective was initially to forge a sustainability network, including important stakeholders like the World Business Council for Sustainable Development, the Global Reporting Initiative or the World Resources Institute. In the years that followed, we systematically built up and expanded such a network.

Once the program had been defined, the next step was to create the structures required for implementing it. We set up the Sustainability Board, in which all Sectors and functions that contribute to Siemens' sustainability strategy are represented by high-ranking members. The Sustainability Board, which is geared toward Siemens' business, is the forum where all of the Company's sustainability activities are defined and pooled, which controls their implementation and ensures they are implemented efficiently. We also established a Sustainability Office, which acts as a source of knowledge and catalyst for sustainability. It is responsible for implementing the sustainability strategy and coordinating the company-wide programs and measures. It also reports on the progress made in achieving sustainability. In addition, we appointed persons in the Sectors and Regions with responsibility for implementing the Sustainability Program.

Finally, a third body was formed to act in a consultative capacity: the Siemens Sustainability Advisory Board. Eight international leaders from science and industry sit on it and advise Siemens as it moves toward becoming a leading company in the field of sustainability. To make our progress and successes in sustainability clearly measurable, we defined 20 performance indicators for the main success factors for the first time. Adoption of the Sustainability Program by the Managing Board paved the way for Siemens to leverage sustainability as a business opportunity and competitive advantage.

What have you achieved thus far?

BARBARA KUX: We've managed to fully achieve all the important sustainability goals. We've been able to position our Environ-

mental Portfolio successfully as a major business factor. Every Sector now plays its bit in increasing revenue with environmental technologies. In fiscal 2009, we reported revenue of €19 billion from our Environmental Portfolio; in 2012, that figure had climbed to €33.2 billion. The Environmental Portfolio now accounts for 42% of our total revenue. In the past fiscal year, we also posted sales growth of three percent above that for Siemens as a whole.

Thanks to Siemens technology, our customers were able to cut CO₂ emissions by 332 million tons in 2012. That is equal to more than 40% of Germany's total annual carbon dioxide emissions in calendar year 2010. We are also applying these findings in our own value chain; more than 100 of our own factories have already completed energy efficiency programs. At our Switchgear Factory at Nonnendammallee in Berlin, we have been able to cut energy costs by around €280,000 a year with investments totaling some €1.5 million. We aim to achieve the LEED standard in erecting all new Siemens office buildings. We've already accomplished that, for example, in Vienna, Shanghai, in London with »The Crystal« and in Zurich, and the Company's new headquarters in Munich will set a new standard in this regard. In addition, we apply our Energy Efficiency Program throughout our value chain, and around 1,000 of our suppliers are already benefiting from it.

Moreover, sustainability is now a source of motivation and inspiration for many employees. That is also demonstrated by the great response to the contest that gave our employees worldwide the chance to voice their personal understanding of sustainability in their work environment in a short video clip.

Our achievements have also been honored outside the Company. Siemens is entrenched as a sustainable company in the public awareness. That is proven by commendations from the most prestigious external rankings, such as the Dow Jones Sustainability Index. In 2012, this index ranked us as the world's most sustainable company in the Industrial Goods & Services supersector for the first time in the Company's history. Siemens again captured one of the top positions in the Car-



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

“We’ve managed to fully achieve all the important sustainability goals.”



ABOVE – Charlotte is one of the most cutting-edge production sites at Siemens: In the past years we have not only expanded the plant in compliance with the latest environmental standards and now produce the most efficient Siemens gas turbines there, but we also live up to our social obligations. In one of the structurally weak regions of the U.S., we have created many new jobs and introduced the German model of the dual training system.

Living integrity

In December 2009, Siemens launched the global Siemens Integrity Initiative with a budget of US\$100 million. It promotes organizations and projects that fight corruption and fraud through collective action, education and training. In the first round, we selected 31 organizations and projects and we support them with a total of US\$37.7 million. Of this, US\$3.11 million went to the Instituto Ethos and its »Jogos Limpos« project. Detailed information about this can be found in the annual report of the Integrity Initiative 2012.

The Siemens Integrity Initiative is part of a World Bank-Siemens AG comprehensive settlement reached on July 2, 2009.

WWW.SIEMENS.COM/SR/INTEGRITY-INITIATIVE

Encouraging employees



We're mastering the major challenges of our time, continuously breaking new ground and making technology history. But these achievements are possible only because we have outstanding employees who – through their expertise, abilities and dedication – have made our Company the global powerhouse that it is today. That's why lifelong learning, continuous personal development and the fostering of diversity and employee commitment are the foundations of our employee and management culture. In the year under review, total expenditure on continuing education and expenditure per employee on continuing education were therefore increased once again.

WWW.SIEMENS.COM/SR/EMPLOYEES

RIGHT – The Siemens Sustainability Advisory Board is made up of leading international representatives from science and industry. From left to right: Jeremy Oppenheim, Jennifer Morgan (World Resources Institute), Iqbal Survé (Sekunjalo), Barbara Kux (Siemens AG), Björn Stigson (Stigson and Partners), Tim Flannery (Australian Climate Commission) and Levin Zhu (China International Capital Corporation Limited). Not in the photo: Ernst A. Brugger (BHP – Brugger and Partners) and Jamshed Irani (Tata Sons).



Acting sustainably, creating new business opportunities

Business opportunities

- Grow the Siemens Environmental Portfolio
- Enhance sustainability in Business Units/ Segments through initiatives
- Increase focus on social contribution of business activities
- Push innovation in sustainable products and business models

Walk the talk

- Ensure resource efficiency, health and safety along the value chain
- Steer sustainability and compliance via effective management systems
- Engage leadership and employees globally
- Implement a strategic, impact-oriented citizenship approach

Stakeholder engagement

- Drive value-creating projects with leading global institutions
- Engage in constructive dialog with relevant stakeholders
- Lead strategic discussions with the Siemens Sustainability Advisory Board
- Foster fair market conditions via Collective Action

Sustainability – a guiding principle
Our values: responsible, excellent and innovative

The goals and activities of the Siemens Sustainability Program are focused on the three fields “Business opportunities,” “Walk the talk” and “Stakeholder engagement.” To gain objective perspectives on our sustainability challenges and performance, we formed the Siemens Sustainability Advisory Board, a

body consisting of eight independent individuals from science and industry who represent a variety of disciplines and who hail from different continents. The board meets at least twice a year and enriches and advances our Sustainability Program through expert advice and concrete activities.

bon Disclosure Project 2012 and also won the German Sustainability Award in 2011. Siemens' positive external image as a sustainable company is also a major incentive for both current and potential employees, since sustainability plays an increasingly important role in choosing an ideal employer. We define sustainability for employees mainly through the topics of training and continuing education, health management, ergonomics and use of the diversity of talents. In short: Sustainability is now perceived at Siemens as a business opportunity and competitive advantage, and plays a major role in motivating our teams.

How do you continuously adapt the program to current challenges?

BARBARA KUX: In 2009, I established the Siemens Sustainability Advisory Board I mentioned earlier, with the goal of regularly reviewing our strategy, programs and structure and adapting them to ever-changing challenges. I was able to win top-flight leaders from all over the world and from a variety of disciplines to sit on the board, such as Tim Flannery, Chief Commissioner of the Australian Climate Commission, Jennifer Morgan, Director of the Climate and Energy Program of the World Resources Institute, and Björn Stigson, the longstanding President of the World Business Council for Sustainable Development. The Sustainability Advisory Board offers an independent look at our sustainability activities from the outside and provokes us to keep on reviewing and optimizing our strategy and positioning. We meet twice a year for an intensive exchange of ideas. The Advisory Board contributes to a lively debate on strategic issues. The body is also tasked with keeping us up-to-date on the latest trends and developments.

What challenges do you see down the road in relation to sustainability?

BARBARA KUX: The risks from climate change and its impact on the environment are growing steadily. According to a recent study by MunichRe, for example, weather-related damage in North America increased by 350% between 1980 and 2010. We've seen particularly devastating consequences as a result of natural disasters in the past years, such as Hurricane Sandy in the U.S., the tsunami in Thailand and Fukushima in Japan. How can we tackle them? First, it goes without saying that we should use all the available technological means to reduce CO₂ systematically. We have enormous potential here and are nowhere near using it to the full. Second, supply chains should be made as stable and "green" as possible so that such incidents do not result in substantial losses in business for the company. That's why we assess the risks at our Business Units very precisely and develop and implement appropriate strategies. This approach has proven its worth: neither Fukushima, the flooding in Thailand nor Sandy resulted in our production lines being stopped or deliveries disrupted.

Where does sustainability at Siemens go from here?

BARBARA KUX: Our aim is to play a leading role in the field of sustainability on a permanent basis. Over the past years, we have systematically and comprehensively built up the topic of sustainability at Siemens. The strategy, structure, programs and processes have been established and have proven themselves. Sustainability is a core element of our corporate strategy. We're firmly convinced that sustainability is – and will remain – an important driver for the Company, its employees and its stakeholders.



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

“Our aim is to play a leading role in the field of sustainability on a permanent basis.”

Sustainable business conduct – seizing opportunities

Sustainable practices and economic common sense are by no means conflicting concepts. On the contrary: Especially for innovation-driven companies like Siemens, sustainable practices offer great potential that we aim to exploit consistently – for our customers, the environment and, not least, for our own business success.

To give you an idea of what this means in concrete terms, the following pages include four examples of customers from our Energy, Healthcare, Industry and Infrastructure & Cities Sectors. Discover how Siemens products, solutions and services can help you create new business opportunities, improve your ecological performance and, not least, grow in a profitable and sustainable way.



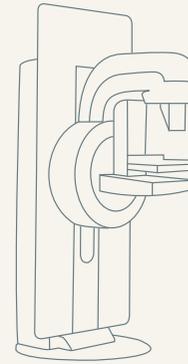
6,000

DONG Energy and Siemens

“We are trailblazers in wind energy”

Clean electricity for 6,000 households from every turbine – that is the incredible performance offered by Siemens’ new 6-megawatt wind turbines off the coast of Great Britain. Dong Energy, one of the leading power companies in northern Europe, has placed its trust in our wind turbines. Christina Grumstrup Sørensen talks about the partnership with Siemens and her goals for the future.

→ CUSTOMER STATEMENT ENERGY, PAGE 22



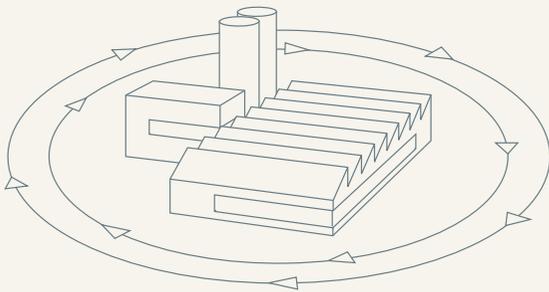
100,000

Siloam Hospitals Group and Siemens

“Our patients are the focus of our work”

The Siloam Hospitals Group is introducing high-quality and affordable healthcare in Indonesia. Nina Supit trusts in Siemens’ expertise, which is available to her around the clock thanks to our remote diagnostics system. In 2012, we connected the 100,000th medical device to the Siemens remote service system SRS.

→ CUSTOMER STATEMENT HEALTHCARE, PAGE 25



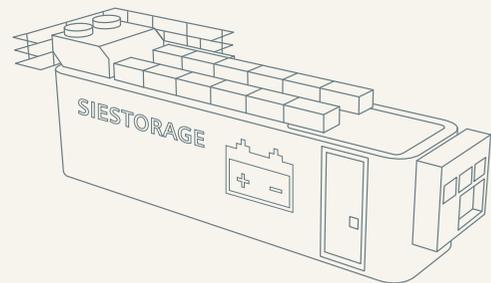
26%

INOSIM and Siemens

“Both customer and partner”

The software company INOSIM has been working closely with Siemens for many years and adapts our product lifecycle management (PLM) software to the specific needs of its customers in the biological and chemical industry. Peter Balling describes how intelligent software solutions can already reduce costs significantly in the planning phase, for example by 26% in the case of one of his customers.

→ CUSTOMER STATEMENT INDUSTRY, PAGE 26



+/-

Enel and Siemens

“SIESTORAGE stabilizes our power grid”

Supplying renewable energies is a real challenge for power companies like Enel, since load and voltage fluctuations need to be compensated to ensure a stable supply. This is where Siemens’ modular energy storage system SIESTORAGE comes in. Paola Petroni talks about his experience with a joint test.

→ CUSTOMER STATEMENT INFRASTRUCTURE & CITIES, PAGE 29



LEFT – Christina Grumstrup Sørensen is a Senior Vice President, head of Pipeline and Projects, and member of the DONG Energy Wind Power Executive Committee.

DONG Energy and Siemens

“We are trailblazers in wind energy”

We have been cooperating trustfully with Siemens for years. Both companies see themselves as pioneers in the field of wind as a renewable energy source. One milestone in this cooperation was back in 1991 when the world's first-ever offshore wind farm went into operation off Vindeby, Denmark. Developments have been rapid since then: A single modern wind turbine from Siemens will now generate more electrical power than our entire wind farm at Vindeby with eleven turbines.

What began over 20 years ago is still the case – DONG Energy is a pioneer when it comes to using the latest wind turbines. At the beginning of 2013, we added two SWT-6.0-120 turbines, each with a capacity of 6 megawatts (MW), to our wind farm at Gunfleet Sands off the British coast. We are using them to gain experience for the next big step in our cooperation. In 2012 we signed a master agreement with Siemens for the supply of 300 even more powerful SWT-6.0-154 wind turbines. Delivering a total output of 1,800 MW, these turbines are scheduled to be installed off the British coast beginning in 2014. When it comes to projects of this scale, our long-term experience really pays dividends. So far, DONG Energy has installed over 600 Siemens wind turbines in twelve offshore wind projects. In doing so, we have mastered huge technical and organizational challenges and built up great trust in each other. We share Siemens' enthusiasm and passion for improving the production of electricity from wind, and are looking forward to cooperating on the next offshore projects.

Siemens' pioneering efforts are very important for us in transforming our business to a green profile. DONG Energy is in an ideal position to extend its market lead in the project management, installation and operation of offshore wind farms. We have set ourselves the ambitious target of quadrupling our capacity, growing from today's figure of 1.7 gigawatts (GW) to 6.5 GW by 2020. In order for offshore wind power to realize its full potential, however, it must become cheaper, and our goal is a price of less than €100 per megawatt hour (MWh). This is equivalent to a cost reduction of around 40% compared to current off-take prices in the UK. But we can achieve this target only when all parties work towards a common goal. It requires transparent and cooperative planning on the part of the government plus full support from the industry across the entire value chain. Only then will we be able to deliver on both counts: utilizing wind energy to the greatest possible extent and bringing down energy costs on a long-term basis.

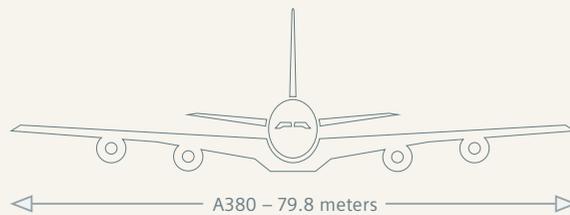
◀ The Gunfleet Sands III test field is part of Gunfleet Sands Offshore Wind Power Plant and is located roughly 8.5 km off the coast of Essex. The wind farm consists of two operational sections – Gunfleet Sands I and II – with 48 wind turbines (model SWT-3.6-107) in total, each producing 3.6 megawatts (MW) and featuring a rotor diameter of 107 meters. They were connected to the power grid in 2010 and, with a total capacity of 172 MW, deliver enough electricity for about 125,000 British households.

The future of offshore wind energy has begun

The installation of the first two 6-megawatt wind turbines in the Gunfleet Sands III offshore test field marks an important milestone for Siemens. Siemens is in the vanguard in offshore wind turbine technology and has also played a pioneering role in the challenging area of offshore installation of wind turbines. The goal of all these endeavors is to further reduce the cost of wind energy and so enable wind power to compete with traditional energy sources.

Clean electricity for
6,000 households

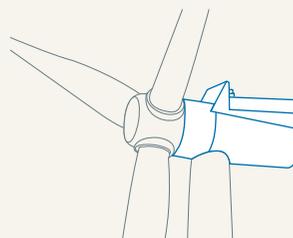
Our 6-megawatt turbine generates 25 million kilowatt hours of clean electricity per year at offshore sites. This is sufficient to supply 6,000 households.



75 m

Longest rotor blades in operation

Our gearless SWT-6.0-154 offshore wind turbine is equipped with the longest rotor blades in the world. Measuring 75 meters, these blades are nearly as long as the wingspan of an Airbus A380.



Compact design cuts costs

With a nacelle weighing around 200 tons in all, our 6-megawatt machines are the lightest wind turbines in their class. Robust design coupled with low weight – an important contribution to cost efficiency.

SWT-6.0-154

Our service with value added

information

24 hours a day,
365 days
 **Server at Erlangen**

Informed round the clock

We know how your device is doing. Our service experts monitor your system round the clock and detect in good time when repair or maintenance work should be carried out. That creates security, cuts costs and means you can devote more time to the essentials.



More than service

Our service extends far beyond just maintenance: Our experts evaluate your data and help you leverage your potential to the full by enabling you to use your Siemens product more efficiently, improve its utilization and cut running costs. We call that service with value added – for you and your patients.

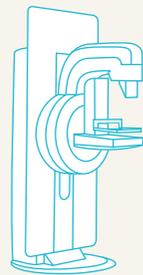


MAMMOMAT in Jakarta

100,000th

product connected to the Siemens Remote Service

In 2012, the MAMMOMAT Inspiration in Jakarta was the 100,000th medical device to be connected to our remote diagnostics system SRS. Since 1985, countless customers all over the world have relied on our IT-aided service and reaped its benefits: maximum system availability, higher productivity and lower total cost of ownership.



RIGHT – Nina Supit is Head of the Radiology Department at the Siloam Hospitals Kebon Jeruk in Jakarta, Indonesia. The ten hospitals of the expanding Siloam Hospitals Group treat more than 1 million patients every year.



Siloam Hospitals Group and Siemens

“Our patients are the focus of our work”

As a hospital group in Indonesia, we have one key goal: To give more and more people access to high-quality, yet affordable healthcare. I want to do my bit to ensure that in my capacity as radiologist at the Siloam Hospitals Kebon Jeruk. The most successful way to beat cancer is still to detect it as soon as possible, which means the chances of curing it are the greatest and patients are spared a lot of physical and mental suffering.

We therefore make high demands of our mammography system for the early detection of breast cancer. We need precise images in the very highest resolution so as to be able to make reliable diagnoses and avoid repeating scans as far as possible. We need short processing times and rapid results so that we can examine as many patients as possible using one device. And we need maximum technical reliability without stoppages and downtimes so that we can dependably calculate the costs per examination.

◀ The Siemens MAMMOMAT Inspiration is a digital mammography platform. The device for early detection of breast cancer unites ease of use and great functionality with an outstanding design.

The Siemens MAMMOMAT Inspiration has impressed us in all these respects. There was also a further important argument for the product: the possibility of remote maintenance with Siemens Remote Service. Online monitoring has already proven its worth in relation to other Siemens imaging systems at our hospital. Our devices constantly dispatch real-time data to the service center in Erlangen. If the experts there detect anomalies, they inform the Siemens service office in Jakarta and its technicians rectify the problem before any disruptions or even outages of our devices can occur. For instance, prompt replacement of a fan can prevent the microprocessors overheating and failing.

◀ In 2012, the digital mammography system in Jakarta became the 100,000th system to be connected to the Siemens Remote Service infrastructure.

Siemens has not only supplied us with a new radiography system, but is also responsible for ensuring it can be used efficiently. By being connected to the Siemens Remote Service we can rely on our MAMMOMAT Inspiration to deliver maximum availability. Service intervals and maintenance work are planned systematically as and when needed. A further advantage: Siemens can use our operating data to derive suggestions on how we can make our processes even more efficient.

“Both customer and partner”

Software and services for the process industry are our specialty. As a medium-sized IT company at home in Germany, we help our customers enhance their processes across the entire product engineering and manufacturing process. To do this, we build on the proven expertise and worldwide experience of Siemens. We have been working closely with Siemens as a partner since 2003, and add value to their tried-and-tested product lifecycle management (PLM) software to meet the specific needs of our customers in the biological and chemical industry.

What does this entail? In the past, the development of new process and production concepts was extremely costly and time-consuming – and there was often no way of knowing in advance if the path chosen would lead to the desired goal. In a nutshell; enormous development effort, high investment, uncertain results. And this is where the modern simulation software that we help develop comes in. The software enables manufacturing processes and the associated production systems to be simulated, tested, and optimized during the development phase long before production goes live. Companies are thus protected against unpleasant surprises. Even in the planning phase, realistic forecasts can be made with regard to costs, schedules, quantities, energy consumption, or the impact of malfunctions and maintenance activities. Consequently, the process industry is able to realize huge savings potential.

Siemens has proven this with its [Tecnomatix](#) Plant Simulation solution for the simulation of production facilities. We wanted to achieve similar savings for our customers in the biological and chemical industry and therefore tailored the Siemens software to meet the specific needs of this sector. For example, our customers can now enjoy the best of both worlds: Specific [INOSIM](#) simulations of highly complex biotechnological and chemical manufacturing processes can be seamlessly linked with industrial production plant simulations developed by Siemens.

The significance of links of this kind can be illustrated by bitop AG, one of our customers. The company produces Ectoin, a natural substance used above all in skincare and sunscreen products. It used to be manufactured in a process that was very harmful to the environment. Using our simulation software, we were able to try out various alternatives and identify ways of producing the substance in a much more effective and environmentally friendly way. The outcome was that bitop reduced its production costs by 26% and simultaneously boosted the quantity produced by a hefty 27%. And the environment also benefits: Wastewater was reduced by 38% and salt and energy consumption each fell by 17%.

We want to build on this success. In the future, we want our IT solutions to make an even greater contribution to energy efficiency and higher productivity, and therefore sustainability. The close partnership with Siemens and our active participation in research and development collaborations in the areas of biosimulation, energy efficiency, and modularized factories provide us with the necessary platform.

Tecnomatix is a part of the Siemens portfolio for the “digital factory.” The portfolio comprises leading solutions for planning and validating manufacturing and production processes. The software virtually interconnects all manufacturing domains – from process and production planning through the simulation of manufacturing processes to the optimization of entire factory layouts.



INOSIM simulates, analyzes, and enhances manufacturing processes in the process industry. Based on the Siemens Tecnomatix Plant Simulation software, INOSIM software solutions permit the realistic simulation of manufacturing processes in the chemical, biotechnology, pharmaceutical, and life science sectors. The INOSIM customer list includes nearly all key enterprises in the chemical industry.



RIGHT – Peter Balling is founder and managing director of INOSIM Software GmbH and INOSIM Consulting GmbH.

Siemens speeds processes across the entire product engineering and manufacturing process

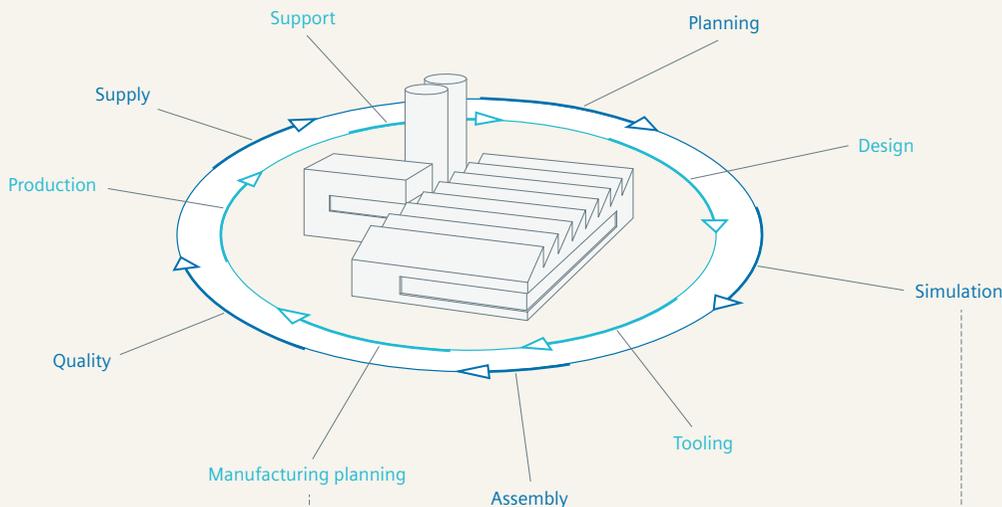
Today, industrial manufacturing faces enormous challenges: Rapidly changing circumstances, shorter innovation cycles, and fiercer competition call for intelligent responses – across the entire product engineering and manufacturing process, from planning through manufacturing to services. This is why leading manufacturers put their trust in digital production solutions by Siemens. These solutions enable companies to respond faster to current needs, to boost productivity, and to lower costs and resource consumption.

↓ **26%**
reduction in production costs

↑ **27%**
increase in production

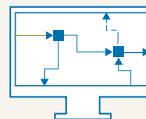
Customer benefits

The concrete benefits offered by PLM software to customers can be illustrated by bitop AG. By deploying our Tecnomatix software solution, INOSIM helped its customer lower production costs by 26% and boost production by 27%.



Efficient production

Tecnomatix covers the entire manufacturing cycle, from the initial concept and detailed planning to the start of production. Knowledge management functions allow the existing knowledge to be collected and reused.

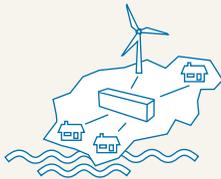


Enhanced processes

Our PLM software enables manufacturing processes and the associated production systems to be simulated, tested, and optimized during the development phase long before production goes live. Our contribution to process optimization

Solution for a reliable and sustainable energy supply of the future

SIESTORAGE is one of our solutions for the reliable and sustainable energy supply of tomorrow, catering to the integration of renewable energy sources, self-sufficient and ecofriendly microgrids, and providing dependable reserves for industry, buildings and infrastructure systems. The SIESTORAGE modular energy storage system combines cutting-edge power electronics for grid applications with lithium-ion batteries. Its modular design enables performance and capacity to be adapted to the actual power requirements at any given time, thus ensuring high availability and reliability.



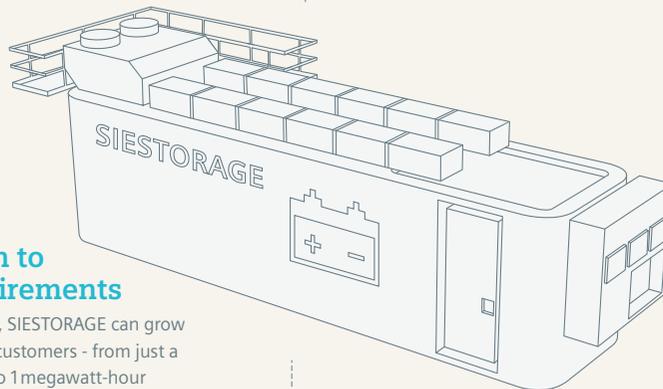
Microgrids

SIESTORAGE guarantees a continuous, reliable and ecofriendly supply of power to self-sufficient regional energy systems – also known as microgrids.



Integration of renewable energy sources

Power grids are facing major challenges due to the fluctuations caused by the growing integration of renewable energy sources. SIESTORAGE is able to compensate for these fluctuations and thus relieve the load on the grid.



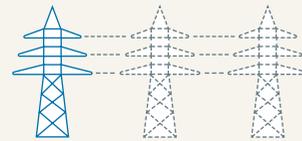
A modular design to cater to any requirements

Thanks to its modular design, SIESTORAGE can grow with the requirements of its customers - from just a few kilowatt-hours right up to 1 megawatt-hour per container. Capacities of several megawatt-hours can be achieved by connecting several containers in parallel. With a performance of 1MVA, the system used in Italy can temporarily store 500 kilowatt-hours of electricity. That's about the average daily power consumption of 50 households.



Peak load management

In industry, peak loads frequently lead to high additional costs for the affected company. SIESTORAGE helps industrial companies compensate for peak loads and so avoid any higher purchasing charges from their energy suppliers.



Less need for grid extensions

Growing energy demands and the increasing use of renewable energy sources lead to the need for additional grid capacities. The use of SIESTORAGE permits more efficient utilization of existing grids, and frequently reduces the necessity for expensive grid extensions.

“SIESTORAGE helps to stabilize our power grid”

As one of the largest power companies in Europe, we make large investments towards incorporating renewable energy sources into power grids. Our goal is to help renewable energies achieve a speedy breakthrough. In doing so, we are confronted with serious challenges. Because they are incorporating an increasing number of distributed and primarily renewable energy sources, the grids must be able to compensate for the strong fluctuations in output from these sources. To enable us to maintain a stable supply of power despite such fluctuations, we rely on technical expertise from Siemens.

Since February 2012, we have been carrying out joint testing of the newly developed SIESTORAGE energy storage system in the Molise region of Italy. The system helps us compensate for load and voltage fluctuations in the grid which occur when power is generated from renewable energy sources. Several parameters impact the production of electricity using renewable energy: Production fluctuates with the seasons of the year, varies between night and day, and is also directly affected by local weather conditions. When clouds drift over photovoltaic power plants, for example, a voltage slump occurs for a few seconds. This leads to brief fluctuations in the power grid. If these are not compensated for, sensitive devices such as conveyor belts or power tools could be automatically shut down. Fluctuation of this kind can even lead to a complete blackout.

Using the SIESTORAGE energy storage system, based on lithium-ion batteries, we are able to compensate for these fluctuations in the power grid within milliseconds. The system can operate as an additional source of power and is also able to handle any generation peaks. As there is no need to adjust controls at large power plants, this increases both the efficiency and quality of the grid. Compact and space-saving, housed in a normal shipping container, the SIESTORAGE system we employ stores 500 kilowatt-hours of electricity. That's about the average daily power consumption of 50 households.

We are extremely pleased with the results of the tests we have carried out up to now. The Siemens product has been able to deal with fluctuations in power generation as well as the variations in load caused by electric vehicle charging stations. The SIESTORAGE solution therefore promises to be an excellent way of avoiding fluctuations in power grids. The transmitted power remains constant and the grid is subjected to an even load over the course of the day. Given comparably high grid stability, grids with integrated SIESTORAGE energy storage can be operated with significantly lower reserve capacities than grids without this storage option. By enabling us to maintain a reliable supply and increase our efficiency, Siemens solutions help us accelerate the further adoption of climate-neutral power generation from renewable sources.

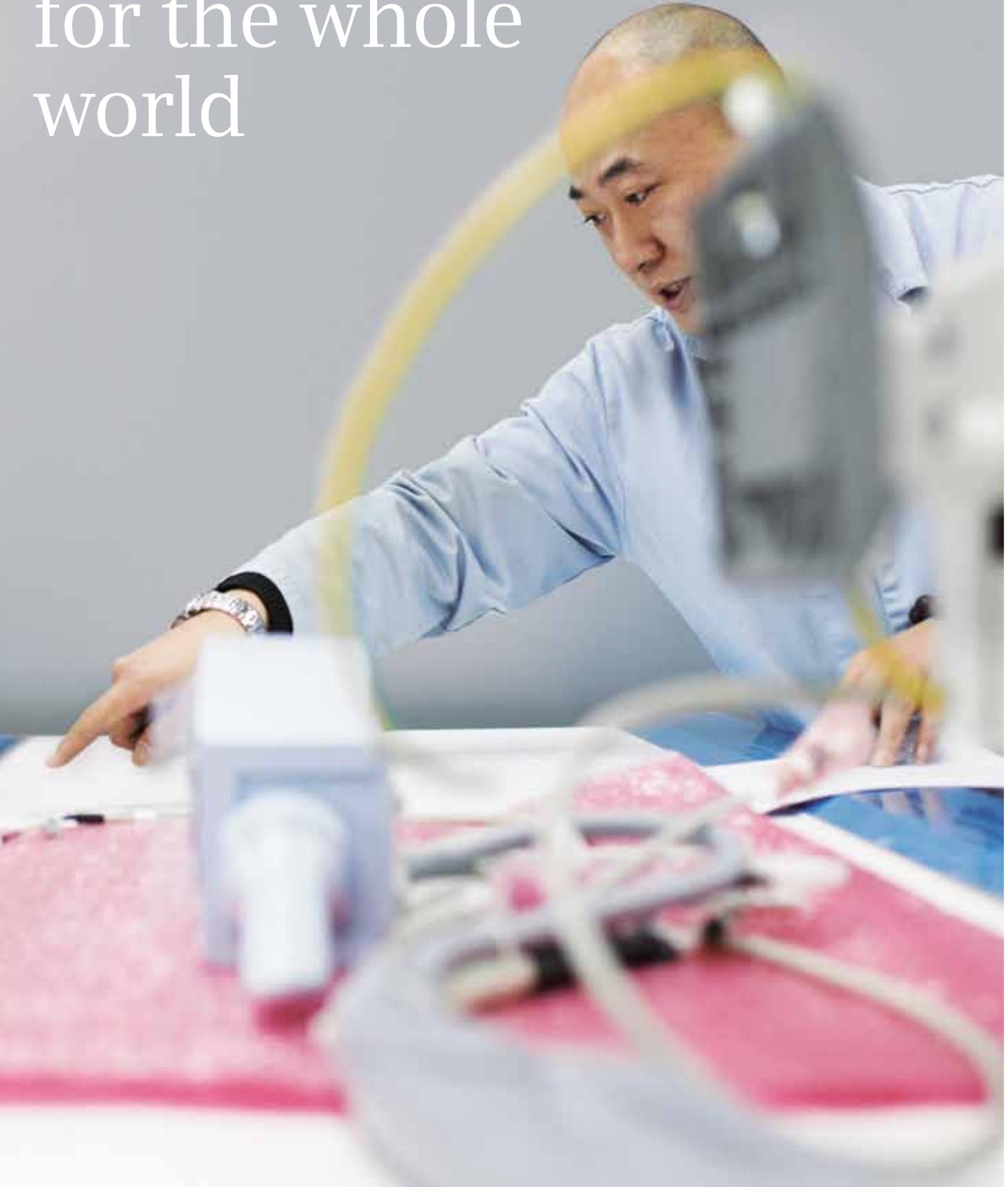
► Enel is a multinational group based in Italy, a leading integrated player in the power and gas markets of Europe and Latin America, operating in 40 countries across four continents. It oversees power generation from 98 GW of net installed capacity and distributes electricity and gas through a network spanning around 1.9 million km to serve 61 million customers.

The Network and Infrastructure Division encompasses the largest Italian distribution system operator with more than 32 million customers, and manages more than 1,100,000 km of electric lines; this Division is continuously striving for innovations in electricity grids and is currently one of the leading companies for smart grids with more than ten years of experience, starting from the first large-scale deployment of smart meters for more than 32 million customers in 2001.



ABOVE – Paola Petroni is Head of Network Technologies at the Network and Infrastructure Division of Enel S.p.A., Italy's largest power company.

SMART products for the whole world



Siemens' Multix Select DR¹ is a digital X-ray system that is specifically targeted at price-sensitive markets with strong growth. It enables physicians in emerging countries to make accurate diagnoses fast and at comparatively low cost. This new system exemplifies how we focus our technologies on the needs of specific markets while contributing to sustainable development.

China, India, Brazil, Turkey and other populous countries have experienced a remarkable economic upturn in the years gone by. More and more people are demanding better, affordable healthcare in parallel with this rise in prosperity. This opens up great opportunities

The demand for entry-level medical technology in emerging countries is rising strongly.

for Siemens to supply more hospitals with imaging systems – not just in such places but all over the world. In developed countries our cutting-edge technologies have put us in leading market positions, but in emerging countries there is more

demand for particularly inexpensive, reliable X-ray systems with basic functionality. Siemens wants both to establish itself as a long-term market leader in this strongly growing market and extend its portfolio in industrial nations, thus giving even more people access to medical care.

SMART new development

We began to develop a new X-ray system for up-and-coming markets in 2009 as part of our Company-wide SMART initiative. The idea behind this is to generate further growth in emerging countries with low-cost products and solutions aimed at local customer needs.

To this end, Siemens is developing new products for the entry-level segment that are simple, maintenance-friendly, affordable, reliable and timely-to-market – in a nutshell SMART.

Digital X-ray technology for everyone

We identified especially good market opportunities for a SMART digital X-ray system. This technology has been confined to high-end price ranges to date. We can now offer this fast, precise and eco-friendly technology at a price roughly one third lower than for comparable previous products. This makes the Multix Select DR attractive for customers who, for reasons of cost, have so far only used analog radiography systems with photochemically developed X-ray films. This includes small and medium-sized hospitals in emerging countries and even smaller hospitals and physicians in private practice in industrial countries. This digital system has an outstanding price/performance ratio, is easy to use and is suitable for nearly all clinical applications in radiography.

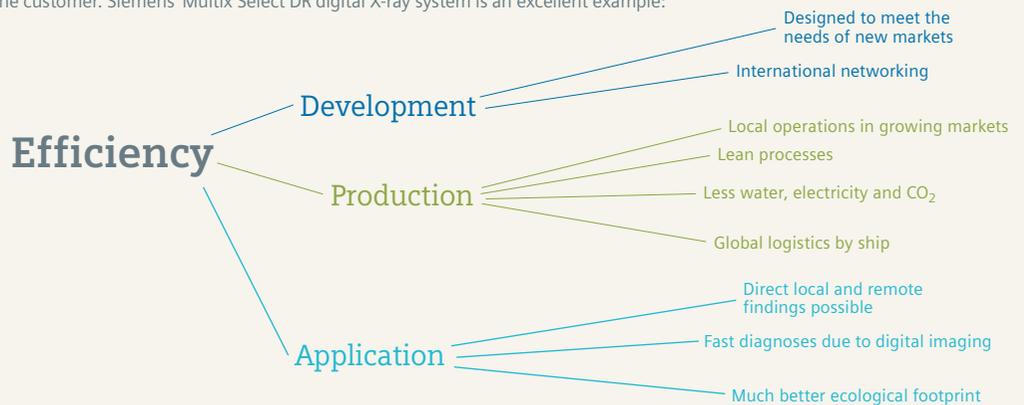
It is a mistake to think that only high-end products incorporate a lot of innovativeness. At least just as much creativity and skill are needed when it comes to developing and manufacturing products for the entry-level

¹ The products/features (here mentioned) are not commercially available in all countries. Due to regulatory reasons their future availability cannot be guaranteed. Please contact your local Siemens organization for further details.

Siemens Multix Select DR

Efficient at all levels

Efficiency is what we expect from all our products in every phase of their lifecycle: from targeted development through resource-saving production to perfect application by the customer. Siemens' Multix Select DR digital X-ray system is an excellent example:



www.siemens.com/sr/multixselectdr

segment. Siemens has built up this special expertise over the years on the basis of customer proximity. For example, our Imaging Systems unit has also had a base in Shanghai for a good 20 years now. During this period we have expanded our operations in China's industrial metropolis into one of our most important locations in the world and now develop and produce imaging systems there for the burgeoning sales markets in the Asia-Pacific region. Our local engineers in Shanghai collaborate closely with their colleagues in Germany, Spain and India.

Development with market proximity

Following good experiences with other products in previous years it was a logical step to put Shanghai in charge of our new X-ray system for entry-level markets. Development and product/project management activities are carried out there practically under the same roof as production. Our Chinese colleagues faced some major challenges. The new system had to be cheap to produce. There were also tight cost constraints for research and development. At the same time it was necessary to meet stricter requirements for environmental protection. And, in global collaboration between Siemens locations, we wanted to create a product with chances of worldwide sales.

From Erlangen in Germany, Siemens supported the developers in Shanghai with targeted training. Colleagues in Goa, India, contributed their expertise to the design of mechanical subsystems and the X-ray table and also constructed the first prototype. Our engineers from Getafe in Spain provided the digital imaging software. We make the generators and X-ray tubes ourselves in China, while procuring other components, such as X-ray tables, mechanical parts and X-ray detectors, from selected suppliers in China and the U.S. This global cooperation pays off; it lets us bundle the great competence of various units, reinforce the transfer of knowledge within the Company and set standards – for the benefit of our customers as the following aspect shows. The Multix Select DR is based on the proven *syngo* FLC user interface, which is already being used successfully by over 100,000 customers throughout the world. The upshot is that all Siemens radiography, fluoroscopy and urology systems are operated according to the same principle, allowing users who have familiarized themselves with the Multix Select DR to switch to other systems without difficulty.

Driving down costs

The developers paid great attention to maximum reliability in day-to-day clinical situations and consequently to an especially high level of technical quality. Siemens had already acquired a good reputation as a highly reliable vendor in this field in the past. The importance of this in emerging country markets, in particular, becomes apparent when you consider the specific profiles of use: in China, for example, it is not rare for over 200 patients to be examined in a day over several shifts. Unplanned downtime of a system for just one day would therefore have a considerable impact on a radiology station's schedule. That's why high reliability is so important for users. But that is only possible with high-grade components – a statement applicable equally to high-end and entry-level products from Siemens.

We need such components when it comes to minimizing costs for the Multix Select DR. The Development, Purchasing and Production units in Shanghai therefore worked hand in hand to come up with new technical solutions. In doing so, they searched for, examined and trained new suppliers in the region who are inexpensive and comply with Siemens' high quality and sustainability standards. This gave rise to an excellent cost situation without having to compromise the functionality and reliability of an X-ray system bearing the Siemens brand.

To keep production costs as low as possible, we cover all applications with just one mobile, flat detector. Comparable X-ray systems often have multiple detectors, for instance separate ones for patients who are standing or lying down. In contrast, the universal flat detector of the Multix Select DR is mobile and can be positioned simply and flexibly to take different images of patients. The X-ray detector has a very robust design to ensure that faults will not occur even when it is used intensively. Regarding cost for users, Siemens' engineers in Shanghai have also optimized the Multix Select DR in terms of the space it requires. The system will fit into

Siemens Shanghai Medical Equipment (SSME)

1,000 employees

350 of the 1,000 employees at Siemens Shanghai Medical Equipment are engaged in development. Milestones of this company, which opened in 1992, include the development and launch of the SOMATOM Spirit, SOMATOM Emotion and SMATOM Perspective (three CT scanners) and various X-ray systems such as the Multix and Luminos Family. In 2012 we laid the foundation stone for another production hall with floor space of 32,000 square meters. The opening is scheduled for 2013.

WWW.SIEMENS.COM/SR/SSME



ABOVE – Meng Xi Zhang (left), our product manager for the Multix Select DR, discusses possible solutions with a colleague to meet new customer requirements.

RIGHT – Developers and product managers at Siemens in Shanghai regularly take part in online conferences with their colleagues – here from Goa (India) and Getafe (Spain).

Meng Xi Zhang, product manager at Siemens Shanghai

“Our Multix Select DR is ideal when it comes to adopting digital radiography. It is inexpensive, supports almost all radiographic applications and – like all our products – is extremely reliable.”





ABOVE – On site in Shanghai: the individual components are picked for shipment and preassembled by our technicians.

quite small rooms because the generator, which is about the size of a refrigerator, has been cleverly integrated in the base of the X-ray table.

Outstanding Siemens quality at attractive conditions

It was not only during development of the Multix Select DR that Siemens in Shanghai faced this challenge but also in the course of production and logistics. All processes were scrutinized and it turned out that many of them could be optimized with new solutions that added economic and ecological value.

Lean production

New processes have improved the time-consuming and costly X-ray tests at the end of production. As a result of this restructuring, the plant in Shanghai can now use the expensive equipment for twice as many X-ray tests. At the same time we managed to reduce the duration of the overall test cycle by 20%. That’s what we understand by “lean” production.

Currently we are expanding our plant in Shanghai by a new production hall with floor space of 32,000 square meters – partly with a view to the Multix Select DR. Our plans are guided by efficiency considerations: the new building is intended to operate at lower cost than our existing production buildings in Shanghai. Specifically, we want to reduce water consumption by 40% and improve energy efficiency by 15%. To achieve this, we are equipping the new building with air-cooled heat pumps for heat recovery, among other things. The lighting can be adjusted infinitely to meet current requirements and modern sanitary facilities will save precious drinking

water. A building services automation system from Siemens itself will help to control overall energy consumption. With the new production hall we intend to cut carbon dioxide emissions by 350 tons a year compared to a LEED standard reference building. Certification in accordance with the LEED standard is planned.

Climate-friendly logistics

Notwithstanding its lean production in Shanghai, Siemens cannot serve all markets with the Multix Select DR from there because some countries promote domestic production of medical equipment. We have taken this into account in our production concept and, for example, also assemble the X-ray system at Joinville in the state of Santa Catarina, Brazil. From there we supply the other markets throughout South America. We supply the Asia-Pacific and Europe regions from our central production site in Shanghai, China, and from our distribution depot in Forchheim, Germany. The systems are transported from Shanghai to Germany and Brazil by ship, which is much cheaper and more climate-friendly than by air. At all three locations the systems are tested by technicians before delivery to customers’ premises, where final assembly and setup take place.

Our new production hall in Shanghai will emit much less carbon dioxide into the environment than the existing halls and will also reduce the cost of electricity and water.

In clinical practice, radiography is presently the most common method of medical imaging. Radiologists fall back on this method especially when they need to examine bone structures but also use it for other organs such as the lungs. They are increasingly demanding

Global value chain

Efficiency through collaboration

- Erlangen/Forchheim, Germany**
Global product management, qualification processes and shipment
- Joinville, Brazil**
Assembly and distribution depot for South America
- Getafe, Spain**
Software development and imaging
- Goa, India**
Mechanical subsystem design and prototype construction
- Shanghai, China**
Development, product management, assembly and distribution depot for China and the ASEAN states
- Wuxi, China**
Generator and X-ray tube production

The Multix Select DR is the outcome of interaction between highly specialized Siemens departments and units and suppliers on three continents. They collaborate closely using advanced online tools and videoconferencing.

WWW.SIEMENS.COM/WORLDWIDE



ABOVE – Before delivery our engineers inspect the technical reliability and image quality of the Multix Select DR. The mobile X-ray detector can be seen on the X-ray table.



ABOVE – All test results meet expectations. A dosimeter in every tester's breast pocket monitors compliance with permissible radiation limits.

faster, more exact results. Operators of clinics also want that – at a cost that is as low and calculable as possible. Up to now that has been the forte of conventional X-ray systems, in which films are exposed and then developed in a photochemical process. The X-ray images then had to be viewed against a lightbox and archived in cabinets or on shelves.

Adopting digital radiography

The Multix Select DR now enables clinics to adopt digital radiography. Instead of using a film cartridge, this system features a flat detector that converts the X-rays it receives directly into digital information. This information can be passed on without any media discontinuities and be viewed on screen both locally and remotely. This makes it possible for experts from other places, or even countries, to examine the images and make their findings from afar in real time. On top of that, archiving on digital media saves a lot of space and money: on the basis of 360 working days with 100 examinations a day, getting rid of conventional films will avoid a 36 meter stack of X-ray images in a year. This approach also conserves the environment because, under the same assumptions, it saves about 6,000 liters of chemical developer solution and roughly 12,000 liters of water each year. By way of comparison – assuming a capacity of 150 liters – that is equivalent to 40 bathtubs of developer solution and around 80 tubs of water every year.

Advantages for patients

Patients also benefit from this digital technology: a detector is more tolerant of errors than an X-ray film as it is better at compensating for over- and underexposure. With film-based systems it is often necessary to repeat the X-raying process for this reason, which means extra stress for the patient. Digital radiography, however, will avoid many of these repeats. Simultaneously, digital radiography will improve the quality of diagnoses because the images can be transmitted quickly and easily to experts over long distances.

Strong arguments for clinic operators

Siemens' Multix Select DR beats film-based systems in three ways in clinic life. First, it only takes half the time to reach findings from the images, which reduces the turnaround time per patient. This makes it possible to examine more patients in the same time or spend more time on individual patients. Second, there is less personnel effort and expense as the process does not entail any photochemical development. Third, we offer clinic operators in emerging countries specially tailored service packages at attractive terms and conditions to help them minimize their financial risk and extend the lifecycle of the Multix Select DR.

As a fully digital system, the Multix Select DR transfers the images to the physician's display within seconds.



LEFT – The Multix Select DR in use at the Hangzhou Changqing Chaoming Community Health Care Centre. Wei Feng Lin is preparing to examine a patient's ankle.

Wei Feng Lin, director of X-ray diagnostics at the Changqing Chaoming Community Health Care Centre in Hangzhou

“In the first six months after installation we took more than 30,000 X-ray images at our clinic with the Multix Select DR. Quality and reliability have a long tradition in Siemens' high-grade medical engineering.”

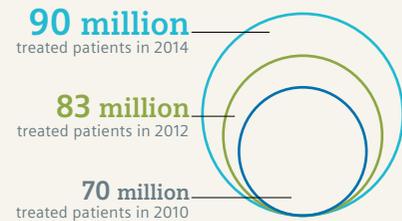
Our sustainable healthcare strategy

Together with customers and partners we are working on improving healthcare throughout the world. We measure our progress in three key areas. In the year under review we managed to continue the positive trend from the previous year and made further progress.

Fighting the most threatening diseases¹

More accurate and faster diagnoses reduce the risk of life-threatening illnesses

According to statistics published in 2011 by the World Health Organization (WHO), about 30% of all deaths caused by illness can be attributed to cardiovascular diseases, 15% to cancer and 15% to infections. Siemens' medical engineering products help in the continuing fight against these most dangerous diseases. In 2012, Siemens products were used in examining or treating more than 83 million people with the following six medical conditions: heart attacks, strokes, breast cancer, lung cancer, HIV/AIDS and tuberculosis. Our goal is to have our products treat over 90 million people a year by 2014.



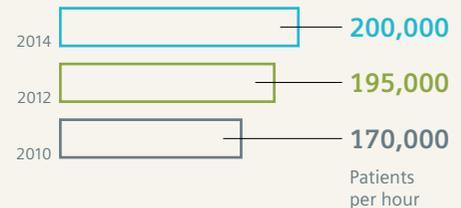
¹ We based the calculation on the active installed base of Siemens equipment used for the diagnosis and in the treatment process of stroke, heart attack, lung cancer, breast cancer, TBC and HIV/AIDS. Only equipment used in line with strongest recommendations in accepted medical guidelines is included.

— Starting point — Current situation — Goal

Improving quality and productivity in healthcare¹

High-quality healthcare services must remain affordable

Throughout the world, Siemens products were used to examine or treat more than 195,000 patients per hour in 2012. We want to further improve quality and productivity in healthcare and have set ourselves the target of increasing this figure to over 200,000 patients per hour in 2014. At present, inefficiency causes a considerable proportion of global expenditure on healthcare to be wasted. By boosting efficiency in this field we are helping to make medical examinations available for many people in the face of rising cost pressure.



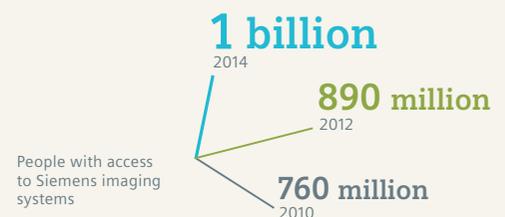
¹ We based the calculation on the active installed base of Siemens imaging equipment and the associated utilization rates. Additionally, the worldwide in vitro diagnostic test volume was considered, adjusted by the average number of tests per patient.

— Starting point — Current situation — Goal

Providing access to healthcare¹

Medical imaging for everyone – from basic care to highly specialized diagnoses

More than 890 million people had access to Siemens imaging systems in 2012. But we are not content with that: we want to give more than a billion people access to our imaging systems by 2014. Our goal is not only to improve the utilization of existing X-ray systems and CT/MRT scanners. We also want to improve basic healthcare in less developed countries by providing low-cost medical technology, for example our Multix Select DR digital X-ray system and our SOMATOM Spirit CT scanner, both of which were designed in China for growth markets.



¹ We based the calculation on the number of installed Siemens CT systems in 113 developing countries (UN HDI < 0.785 in 2010). Population covered per CT was derived from CT density in selected countries.

— Starting point — Current situation — Goal

Reporting method

Sustainability is for us a guiding principle and a key precept of our actions. In the following “Facts and Figures” section, we use selected indicators to show how Siemens performed in fiscal 2012 in its efforts to meet the economic, environmental and social demands placed on it. The reporting method provides you in advance with details of the key elements on which our reporting is based.

REPORTING APPROACH

Our Sustainability Report 2012 describes the strategy, organization, initiatives and goals for ensuring sustainability. It not only continues and supplements last year’s Sustainability Report, but also serves as our annual progress report on implementing the United Nations CEO Water Mandate and the Global Compact’s ten principles. In addition, our Report is oriented to version 3.0 of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and the recommendations of the Global Compact and Transparency International regarding anti-corruption reporting.

REVIEW PERIOD AND REPORT BOUNDARIES

This Report is based on activities during Siemens’ fiscal 2012 (October 1, 2011 – September 30, 2012). Any exceptions are indicated as such. In general, all of our fully consolidated companies are covered by the Report. Here, too, possible exceptions regarding the data are indicated and explained. Minority equity investments are not included in our reporting. To provide an up-to-date picture of the Company, we also include information about important developments in fiscal 2013 up to the editorial deadline on March 01, 2013.

During the fiscal year we announced our plan to publicly list OSRAM as part of a spin-off. The shareholders of Siemens AG voted in favor of this plan by a large majority at the Annual Shareholders’ Meeting on January 23, 2013. OSRAM is classified as a discontinued operation and so not included in all disclosures on continuing operations. The indicators and information reported in the following section relate to the Company’s continuing operations. In order to ensure comparability of the details, those for the previous years were adjusted accordingly. Deviations are indicated.

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.

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 Report. This applies in particular to specific financial figures, including, for example, the revenue attributable to the Environmental Portfolio. 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 our Sustainability Report is collected through various internal reporting systems which, for the most part, are different from those applicable to the financial information presented in our Consolidated Financial Statements. In particular, the standards and controls applied and the computer systems used during the preparation of the data can be less comprehensive in comparison. We reserve the right to change our internal guidelines regarding the inclusion of data in the Sustainability Report without prior announcement. Due to rounding, numbers presented throughout this Report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

INDEPENDENT REVIEW

We prepared our Sustainability Report to high quality standards. Consequently, as in previous years, we again commissioned an independent accounting firm to conduct an assurance review of the Report to provide a limited degree of certainty. You can find the results of the review by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft on → PAGE 66. For such limited assurance reviews, which provide a limited degree of certainty, the review procedures are not as extensive as for a review of our financial reporting, for example. The auditors merely confirm that nothing has come to their attention during the review that would cause them to believe that the information contained in the Report departs materially from the relevant sustainability reporting requirements.

Facts and figures

40	Reporting method
42	Innovation
44	Customers and portfolio
46	Compliance
48	Employees
52	Occupational health and safety management
54	Environmental protection and products
61	Suppliers
64	Corporate citizenship
66	Independent assurance report
68	United Nations Global Compact
70	United Nations Water Mandate
71	Global Reporting Initiative
72	Notes and forward-looking statements
74	Information resources

Innovation management constitutes a core task at Siemens. As an integrated technology company, this approach helps us maintain our leading market positions. Innovations are a mainstay of Siemens' business success, including when it comes to mastering sustainability challenges.

Our research activities are aimed at developing the necessary trailblazing technologies that enable Siemens to take a leading position in innovation- and technology-driven growth markets. To do that, we need the best experts worldwide as well as a global network giving us access to the most renowned universities, research institutes and other partners.

RESEARCH AND DEVELOPMENT A CORE TASK

Siemens has a Chief Technology Officer who is member of the Managing Board and in charge of Corporate Technology (CT), our research unit. This underscores the great importance that innovation management has within the Company. Our innovative strength is the subject of a thorough strategy review held by the Managing Board every year. We continued to focus on the following aspects of research and development (R&D) in fiscal 2012: (1) ensuring long-term future viability, (2) enhancing technological competitiveness and (3) optimizing the allocation of R&D resources.

In fiscal 2012, intelligent innovation management again contributed to developing key technologies and getting important innovations ready for the market. For example, Siemens is supplying key components that are helping to make a success of the energy transition in Germany. A combined cycle power plant will be erected in Düsseldorf by 2016. Boasting net efficiency of over 61% and a capacity of 595 megawatts, it will be one of the most efficient and ecofriendly power plants a capacity worldwide. In addition, we delivered the first prototype of an electrolyzer with a peak power rating of 300 kilowatts to RWE at the beginning of 2013. This makes it possible to convert electrical energy produced, for example, by wind farms into hydrogen and store it.

Working with a worldwide network of experts, CT's task is to act as a strong innovation partner for the operating units of Siemens and to secure the technological future of the Company through expertise in strategically important fields. CT is therefore positioned in globally operating technology areas, including software architectures and IT platforms, IT security, data

analysis, imaging, systems engineering as well as automation and communication technologies. It also deals with material research, electronics, sensor systems, drive technology and energy engineering. Products with major profit potential in innovation-driven growth markets – such as electric mobility, sustainable urban development and biotechnology – are developed internally at CT so that they can be integrated in our day-to-day business operations at a suitable time.



One important Company-wide task of CT is to leverage synergy effects among the various technologies and application areas of the operating units and to maintain and expand contacts to universities, research institutes and other partners. In the IRENE pilot project in Germany's Allgäu region, for example, Siemens and partners from the fields of research and energy production are showing what power systems could look like in Germany in the 2020s. With the aid of numerous measuring stations, variable network components and software agents, a smart grid maintains a balance between production and consumption, thus keeping power frequencies stable. Using photovoltaic, wind and biomass installations, companies and private producers in the region are already generating over three times as much electricity as they use. And they are also driving electric cars – a rewarding preview of the new age of electricity.

Cooperations with universities and non-university research institutes contribute significantly to Siemens' capacity to innovate. The key goals of these partnerships are:

- > tapping the potential for joint research and development projects,
- > developing and extending a network of universities or research institutes with which Siemens works and increasing communication between Siemens and these universities or institutes, and, last but not least,
- > strengthening the appeal of Siemens to highly qualified young people as a potential employer.

MAKING THE MOST OF EMPLOYEE KNOWLEDGE

We value the knowledge, skills and creativity of every Siemens employee. We also follow new avenues to tap these valuable assets for research. This includes Internet-based idea competitions and social media which enable the innovation potential of Siemens employees to be used effectively. On the internal social media platform Technoweb, for example, any employee can submit an urgent request. Suggestions for a solution will arrive from other employees all over the world within a short time. This saves time and money and is a way of making the knowledge of an integrated technology company available to everyone. In addition, each year we award the titles of "Top Innovator" and "Inventor of the Year." In December 2012, we honored twelve outstanding Siemens inventors, whose work has led to 613 invention reports and 734 individual patents.

RESEARCH AND DEVELOPMENT FIGURES

With a continuously high level of R&D activities, we pursue the goal of further increasing our innovative strength. In fiscal 2012, our expenses for research and development amounted to €4.238 billion. As a result, our R&D intensity, i.e. the ratio of R&D expenses to revenue, was 5.4% and thus higher than in fiscal years 2011 and 2010 (5.3% and 5.2% respectively).

RESEARCH AND DEVELOPMENT FIGURES

	FY 2012	FY 2011	FY 2010
R&D expenses (in billions of €)	4,238	3,899	3,547
R&D intensity (in %) ¹	5.4	5.3	5.2
Inventions ²	8,900	8,600	7,800
First filings ³	4,600	4,300	3,700
Patents granted (as of end of FY)	57,300	53,300	52,400

¹ R&D intensity is defined as the ratio of R&D expenses to revenue.

² Number of inventions submitted by Business Units based on an internal reporting.

³ First filings as part of the inventions submitted to patent offices.

In carrying on research and development at the Company, the Sectors concentrate on the next generation of their products and solutions and prepare them for market launch. In the year under review, the Energy Sector invested €840 million (R&D intensity of 3.0%), the Healthcare Sector €1.3 billion (9.6%), the Industry Sector €1.2 billion (5.9%) and the Infrastructure & Cities Sector €699 million (4.0%).

R&D EXPENSES (IN MILLIONS OF €)

	FY 2012	FY 2011	FY 2010
Energy	840	756	651
Healthcare	1,314	1,173	1,116
Industry	1,215	1,128	993
Infrastructure & Cities	699	696	591

R&D INTENSITY (IN %)

	FY 2012	FY 2011	FY 2010
Energy	3.0	3.1	2.9
Healthcare	9.6	9.4	9.0
Industry	5.9	5.8	5.7
Infrastructure & Cities	4.0	4.1	3.6

In fiscal 2012, we had an average of 12,900 R&D employees in Germany and approximately 16,700 R&D employees in about 30 other countries, including the U.S., China, Austria, India, Slovakia, Switzerland, the U.K., Croatia, Sweden, Denmark, Mexico, and France.

POSITION IN PATENT OFFICE STATISTICS¹

	2011	2010	2009
Germany – German Patent and Trade Mark Office (DPMA)	3	3	3
Europe – European Patent Office (EPO)	1	1	2
U.S. – United States Patent and Trademark Office (US PTO)	10	9	13

¹ Complete figures for calendar year 2012 were not available from the patent offices as of the publication date. Source: DPMA: published patent applications, EPO: patent applications, IPO (Intellectual Property Owners Association): patents granted.

As of September 30, 2012, the Company held approximately 57,300 patents worldwide in its continuing operations. In terms of submitted patent applications, the statistics show that the Company in 2011 ranked No. 3 in Germany and No. 1 in Europe. In the U.S., Siemens ranked No. 10 for patents granted.

www.siemens.com/sr/innovation

Customers and portfolio

Sustainability entails extensive business opportunities. Siemens taps these opportunities through long-term customer partnerships and a strong local presence in the markets where our customers operate. With our focus on innovation-driven growth markets and the expansion of our Environmental Portfolio, both of which are core themes of our One Siemens Framework, we want to continue contributing to the sustainable value creation of our Company.

THE ENVIRONMENTAL PORTFOLIO AS A KEY DRIVER OF SUSTAINABLE GROWTH

Since 2008, green technologies have been a constant growth driver for Siemens. In the year under review, they accounted for 42% of our revenue from continuing operations. In our Environmental Portfolio we bundle all those products, systems, solutions and services (Environmental Portfolio elements) that make particular contributions to environmental and climate protection. They can be divided into three main categories: First, products and solutions with outstanding energy efficiency, such as combined cycle power plants or intelligent building technologies; second, equipment and components for renewable energies, such as wind turbines or the grid connection of wind farms; and third, environmental technologies for the provision of clean water and air.

Revenue from the Environmental Portfolio in fiscal 2012

€33.2 billion in revenue

In fiscal 2012, we generated €33.2 billion in revenue with our Environmental Portfolio – 10% more than the year before.

WWW.SIEMENS.COM/SR/ENVIRONMENTAL-PORTFOLIO

The qualification of the elements within our Environmental Portfolio is based on defined processes and strict criteria. Once a year, the Siemens Sustainability Board checks and approves changes in the composition of the Portfolio. In fiscal 2012, for example, frequency converters were qualified.

We generated revenue of €33.2 billion with the Environmental Portfolio in the year under review. These products and solutions are part of our Environmental Portfolio, which generated revenue of €33.2 billion in the year under review. That is some 42% of our total consolidated revenue, up roughly 10% year-on-year on a comparable basis. If you add the revenue of €3.9 billion generated by OSRAM with its environmental portfolio in the same period, it becomes apparent we are already quite advanced on the path towards our target of €40 billion revenues with products and solutions from the Environmental Portfolio by the end of fiscal 2014, a goal which was set in fiscal 2010 on the basis of the portfolio structure at the time. The

portfolio divestments that already have been implemented and planned in the meantime, cannot, however, be compensated purely with our own businesses by that time. Siemens' strategic focus on technologies for energy efficiency and climate and environmental protection will remain in place despite the portfolio changes that have been announced. Our Water Technologies Business Unit and our solar business contributed less than 5% to the total Environmental Portfolio revenue before the announced sales. Around 70% of the revenue from our Environmental Portfolio today is generated with products and solutions for energy efficiency, with wind energy accounting for another €5 billion. These are the areas in which we want to grow and strengthen our Portfolio in the future. There is extensive evidence for our outstanding expertise when it comes to energy efficiency:

- > Example 1 – Stadtwerke Düsseldorf: For this customer, we are building one of the most energy-efficient and environmentally friendly natural gas power plants in the world with an efficiency rating of over 61%.
- > Example 2 – Taipei 101: This building, which is among the tallest in the world, was modernized by Siemens and subsequently received LEED Platinum Certification for its energy efficiency and environmentally friendly design.
- > Example 3 – drive technology: Electric drives account for nearly two-thirds of industrial electricity demand. Our energy-efficient drives enable energy savings of up to 70%, particularly in energy-intensive areas.

With our Environmental Portfolio we intend, among other things, to help our customers reduce their carbon dioxide footprint, cut their energy costs and improve their profitability through an increase in productivity. Taking together all elements of the Environmental Portfolio that were installed at customer locations since the beginning of fiscal 2002 and remain in use today, we have reduced customer carbon dioxide emissions by 332 million tons in the year under review, equaling 41% of Germany's total annual carbon dioxide emissions in calendar year 2010.

CUSTOMERS AND PORTFOLIO IN FIGURES

	FY 2012	FY 2011	FY 2010
Revenue generated by the Siemens Environmental Portfolio (in billions of €) ¹	33.2	30.2	27.7
Accumulated annual customer reduction in carbon dioxide emissions generated by elements from the Siemens Environmental Portfolio (in millions of tons) ¹	332	257	213
Number of interview responses for the Net Promoter Score (in thousands)	24.1	25.0	18.5

¹ You can find more information on the calculation logic at: WWW.SIEMENS.COM/EP-BROCHURE

SUCCESS ON THE BASIS OF LONG-TERM CUSTOMER RELATIONSHIPS IN A SPIRIT OF PARTNERSHIP

Sustainable customer relationships are the basis for all our business. We employ a structured key account management approach throughout the Company to look after our key customers. This means that our key account managers continually develop Siemens' relationships with its most important customers and secure them over the long term. We also ensure that our products and solutions are tailored to the size and regional site structures of our customers. Our key account managers work in cross-unit organizations in line with the different industries. In concrete terms, employees from a variety of Business Units come together here, concentrating on areas like the automotive industry, data centers or power utilities. With this approach, we can offer a comprehensive spectrum of products and services from a single source.

Small and medium-sized enterprises and organizations in particular – and they represent the majority of Siemens customers – benefit from our ability to provide local support through our large multinational sales force. Our Business Units around the world bear responsibility for their revenue and profits. They steer the national sales departments through regional Clusters and Regional Companies, thus ensuring that our business-specific sales strategies are implemented. Customers receive case-specific support directly from the headquarters of the respective units, particularly in connection with major contracts or large-scale projects.

We regularly assess the strategic importance of the market opportunities available to our Company. The Siemens Sales Board determines whether the key account managers have met their targets and makes sure that, synergies in customer management are maximized within Siemens. This approach of looking after our key customers is supplemented by our Executive Relationship Program, in which all members of the Company's Managing Board stay in direct contact with their allocated customers and maintain an ongoing dialog with them to ensure they are always familiar with customers' needs.

IMPROVING CUSTOMER SATISFACTION

Our business success is critically dependent on the satisfaction of our customers. For this reason, we measure customer satisfaction in every unit of the Company. During the year under review, we used the Net Promoter Score (NPS) once again as a uniform standard for this purpose. This internationally recognized and commonly applied managerial performance indicator, which we determine annually on a worldwide basis by means of customer surveys, measures the referral rate of our customers. Our internal NPS target system, which is based on

business-specific, regional and industry benchmarks, is used to set target values for Sectors and Clusters. The NPS for fiscal 2012 was based on the results of more than 24,000 interviews. We use the results to strengthen our customer orientation and develop concrete measures for improvement together with our customers, using their feedback as a basis. This year, we managed to convert almost half of the customers who were dissatisfied in 2011 to "neutrals" or "supporters". When implementing measures such as these, we attach great importance to reacting to the information needs and comments of our customers. As a result, we have experienced an increase in the referral rate since the introduction of the NPS in 2009.

Our customer management system has also been recognized by outside institutions. In 2012, for example, Siemens was once again ranked in a leading position in Customer Relationship Management in the "Diversified Industrials" category of the SAM Dow Jones Sustainability Index. Many of our customers also contacted us in fiscal 2012 about our successful key account management and want to learn from us. In addition, our customer management is also considered exemplary in the academic world – a position we strengthened over the past fiscal year through four case studies with the renowned universities of Harvard, Columbia, Rotterdam and Mannheim. We see this as an important step in terms of positioning ourselves in the competition for young sales talents and as part of our social engagement in training young people in different countries.

ASSURING THE QUALITY OF CUSTOMER SUPPORT IN THE LONG-TERM

To assure the high quality and ongoing improvement of customer support at Siemens, we use Company-wide uniform training programs for both our key account managers and our sales force. In fiscal 2012, we additionally introduced a globally standardized certification program for key account managers. Moreover, employees in both areas are also trained on the topic of compliance to encourage conformance with guidelines, which itself ensures our business success. Absolute compliance with all laws and the Company's internal guidelines and regulations is an elementary aspect of all our worldwide marketing and sales activities.

In fiscal 2012, we were able to develop our relationships with our customers around the world even more strongly and expand our business in the corresponding industry organizations. We are aiming for sustainable customer development in fiscal 2013 as well – a goal that we intend to achieve in particular in our target industries and across industry boundaries with our Environmental Portfolio.

WWW.SIEMENS.COM/SR/CUSTOMERS

We understand compliance holistically – not just as adherence to the law and internal Company regulations, particularly the Siemens Business Conduct Guidelines – but also as the foundation of all our decisions and activities, and at the same time as an elementary component of business integrity.

OUR COMMITMENT: ONLY CLEAN BUSINESS IS SIEMENS BUSINESS

Preventing corruption and other violations of fair competition has the highest priority at Siemens. Our principle is: Only clean business is Siemens business. This means complying strictly with all laws and regulations and adhering to the principles of ethical business conduct defined in the Siemens Business Conduct Guidelines. These Guidelines are binding for all Siemens employees worldwide and focus on the prevention of corruption. Siemens is expressly committed to international conventions and recommendations for combating corruption. Examples include our active participation in the United Nations' Global Compact and our engagement in a variety of its local networks.

COMPLIANCE WITHIN SIEMENS

The central element of Siemens' compliance system – with its three action levels Prevent, Detect and Respond – is the responsibility of all Siemens managers for compliance. In addition to specifying a role-model function for senior management, this responsibility goes further: All our managers must exemplify compliance and ensure that business decisions and actions in their areas of responsibility are always in complete accordance with the relevant legal requirements and our own values and guidelines. To further strengthen the responsibility of all managers for compliance, we have revised our recurring compliance training activities. First, Compliance Officers train the top managers in their respective units. These managers then train their immediate subordinates, who, in turn, train those under them. This annual integrity dialog is integrated in regular meetings and events. During the year under review, we started implementing a new compliance risk assessment covering all Siemens entities, which the Sectors, Clusters and Divisions as well as cross-Sector businesses are required to perform on a regular basis. This step further improves our existing compliance assessment and control processes. Identified risks are assessed and mitigation measures can be defined. The resulting analyses are incorporated into the Company-wide compliance risk analysis, which covers the material compliance-related risks for Siemens as a whole.

On December 9, 2009, Siemens launched a global US\$100 million Siemens Integrity Initiative to support organizations and projects that fight corruption and fraud through Collective Action – that is cooperation on the part of companies and other institutions in the battle against corruption – as well as through education and training. This initiative is part of the comprehensive World Bank-Siemens AG settlement of July 2, 2009. The status of the 31 projects funded within the first funding round with a total contractual funding volume of US\$37.7 million was presented to the World Bank in March 2012, based on the first annual report on the Siemens Integrity Initiative, which is available to the public online.

WWW.SIEMENS.COM/SR/INTEGRITY-INITIATIVE

WWW.SIEMENS.COM/SR/COLLECTIVEACTION

COMPLIANCE INDICATORS

The "Ask us" help desk encourages our employees to ask their compliance-related questions. Employees submitted 1,009 inquiries to the help desk in fiscal 2012. We believe the decline compared to fiscal 2011 is due to improvements made in our processes and to increasing knowledge and understanding of compliance policies and processes among Siemens employees. Furthermore, all employees can pose questions directly to the Compliance Officer responsible for their unit. The "Tell us" help desk and the Company's ombudsman are two secured reporting channels that can be used by our employees and external stakeholders to report violations of external and internal rules. These reports are passed on to our Compliance Organization. Furthermore, possible misbehavior may also be reported directly to the Compliance Organization, particularly to the Compliance Officers in our individual units. Our employees make regular use of this reporting channel. We perceive this as an indication of the confidence they place in our Compliance Organization.

COMPLIANCE IN FIGURES¹

	FY 2012	FY 2011	FY 2010
Inquiries submitted to the "Ask us" help desk	1,009	1,740	3,077
Incidents reported to the "Tell us" help desk and the ombudsman	715	787	582
<i>therein treated as plausible</i>	612	683	502
Disciplinary sanctions	266	306	448
<i>therein warnings</i>	173	179	313
<i>therein dismissals</i>	73	77	108
<i>therein other²</i>	20	50	27

¹ Continuing and discontinued operations

² Includes loss of variable and voluntary compensation elements, transfer and suspension.

In addition to the compliance indicators listed above, the Siemens Annual Report 2012 contains information on legal proceedings, including corruption and antitrust proceedings. As of fiscal 2013, we will publish this information only in our financial reports and no longer in an extra document.

ANTI-CORRUPTION REPORTING

On our website you will find an overview of the published company information on compliance within the structure of the guidance by the Global Compact and Transparency International on reporting for the Global Compact’s 10th principle – anti-corruption.

[WWW.SIEMENS.COM/SR/ANTI-CORRUPTION-REPORTING-INDEX](http://www.siemens.com/sr/anti-corruption-reporting-index)

COMPLIANCE-MONITOR

On October 12, 2012, the Company received the Year Four Report from the Compliance Monitor Dr. Theodor Waigel, whom Siemens had engaged as part of the settlement reached with U.S. authorities in December 2008. During Year Four, the Monitor evaluated the long-term sustainability of Siemens’ compliance program and its compliance risk assessment and compliance program evaluation processes, in addition to risk-based themes and the implementation of recommendations from previous years. As was set forth in the Settlement Agreement with the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ), this Year Four Report contains (1) an evaluation of the open recommendations from the Year Two and Year Three Reports plus (2) a certification by the Compliance Monitor once again that the Siemens Compliance Program, including its policies and procedures, is rea-

sonably designed and implemented to detect and prevent violations of anti-corruption laws within Siemens. The Year Four Report also states that all recommendations from Year Two and Year Three Reports are fully implemented. Since the Year Four Report does not include any new recommendations, this means that all recommendations of the Monitor have been fully implemented. As was set forth in the aforementioned settlement, the Monitorship ended four years after the settlement date on December 15, 2012.

Compliance Monitor

Dec. 15, 2012 End of Monitorship

The Monitorship of Dr. Theodor Waigel ended on December 15, 2012. Siemens has fully implemented his recommendations.

[WWW.SIEMENS.COM/SR/COMPLIANCE](http://www.siemens.com/sr/compliance)

PRIORITIES AND TARGETS FOR FISCAL 2013

At the beginning of fiscal 2011, we launched a system of four compliance priorities to further develop and improve our compliance system. These compliance priorities also guided our activities in fiscal 2012. For example, we developed the Integrity Dialog, started implementing the new compliance risk assessment for all Siemens entities, and developed and implemented a new antitrust compliance program. Effective as of fiscal 2013, we have updated the compliance priorities (see graph below).

[WWW.SIEMENS.COM/SR/COMPLIANCE](http://www.siemens.com/sr/compliance)

COMPLIANCE PRIORITIES EFFECTIVE FY 2013



Employees

Committed, qualified and creative employees have always been one of our biggest assets. We give our employees plenty of opportunities for continued education and consistently encourage them so they can fully realize their diverse potential in the long term. One Siemens, our target system for sustainably enhancing the Company's value, provides the framework for these efforts.

A particular strength of Siemens lies in the creative potential and commitment of its approximately 410,000 employees (about 370,000 in continuing operations)¹. To ensure that we continue to be an attractive employer, we give high priority to providing an HR policy that responds flexibly to the changing career phases of employees and their diverse needs as well as to different generations of workers.

¹ All figures quoted in this section refer to continuing and discontinued operations; any deviations from this are indicated.

SIEMENS EMPLOYEES

	FY 2012	FY 2011	FY 2010
Siemens (in thousands)	410	402	405
Europe, C.I.S. ¹ , Africa, Middle East (as a percentage of employees)	58	58	59
Americas (as a percentage of employees)	23	22	23
Asia, Australia (as a percentage of employees)	19	19	18

¹ Commonwealth of Independent States

PROPORTION OF WOMEN (AS A PERCENTAGE OF EMPLOYEES)

	FY 2012	FY 2011	FY 2010
Siemens	25	25	25
Europe, C.I.S. ¹ , Africa, Middle East	23	22	23
Americas	26	26	26
Asia, Australia	31	32	33

¹ Commonwealth of Independent States

EMPLOYEES IN MANAGEMENT POSITIONS

	FY 2012	FY 2011	FY 2010
Siemens	51,200	49,900	50,800
Proportion of women (as a percentage of employees in management positions)	15.3	14.6	13.7

¹ Employees in management positions include all managers with disciplinary responsibility, plus project managers.

RECRUITING

Our strategy is to make Siemens an even more attractive employer throughout the world and to recruit the best personnel for the Company – employees with the necessary qualifications at the right time and in the right place.

In order to meet our requirements for qualified staff, we aim not only to attract new people to Siemens as a preferred employer but also to keep instilling our existing workforce with enthusiasm for the Company and retain them over the long term by providing targeted opportunities for their further development.

To ensure that our target groups perceive us as a desirable employer, we will be expanding our presence on the social networks Facebook and LinkedIn in fiscal 2013, among other things. On top of that, we will also be giving our global career website an even more appealing design and making it even more user-friendly.

We have defined target institutions of higher education in more than 40 countries worldwide with which we are cooperating closely, for example in the form of guest lectures and part-time professorships. This allows us to address talented people who could provide valuable knowledge for our business in the future, making them more aware of Siemens as a preferred employer and giving them a lasting interest in the Company.

We offer an array of attractive programs to entice new talent to Siemens. Our international Siemens Graduate Program, for example, prepares young employees for future management tasks over a period of two years. This program currently has more than 200 participants and has already been introduced in 14 countries.

DIVERSITY IN PRACTICE

Our diversity is an invaluable source of talents and fosters creativity. The diverse mix of skills, experiences and points of view creates a wealth of ideas forming the basis of our innovative strength. This is a competitive advantage for Siemens that we want to convert into added value for our customers and employees alike. That is why we are pursuing a holistic approach to promoting diversity at our Company. You can find more information on diversity, our commitment to employee rights, and details of our working arrangements at:

WWW.SIEMENS.COM/SR/DIVERSITY

We have organized our hiring and appointment processes to ensure that the diversity of our customers and employees is already reflected at all levels when candidates are shortlisted.

The proportion of women in management positions is one example of greater diversity at Siemens. Globally, it has nearly doubled since fiscal 2002 and now comes to 15.3%. In addition, we intend to continue promoting the compatibility of work and life and, in this regard, are offering flexible solutions for our employees at many of our international locations.

At Siemens we actively support the engagement of our workforce because we are convinced that every voice should be heard. For instance, more than 14,000 employees have signed the online Siemens Diversity Charter and thus visibly demonstrated their commitment to greater diversity. Employees have a choice of over 100 local and global networks to become actively involved in diversity initiatives – such as participation in cross-generation mentoring projects, discussions of the work-life balance, and events to promote intercultural cooperation. Our employees' tremendous contributions to local initiatives around the world were presented on our Global Diversity Tour 2012 through ten countries in seventeen days. We also engage in social networks like Facebook, YouTube and Twitter to support and foster discussions between stakeholders both inside and outside of Siemens. You can find out more about work-life compatibility at:

WWW.SIEMENS.COM/SR/WORK-LIFE-BALANCE

As in the past, actions and programs relating to diversity, and the progress made here, are measured via the Siemens diversity scorecard. In our principles for the promotion of diversity management, we have defined clear standards that are binding for our Company throughout the world. Siemens is investing in diversity and in a sustainable future. Diversity is important for our business and a key element of our value proposition as an employer.

It goes without saying that we employ and educate people with disabilities, fully integrating them into our normal work processes. This is a major contribution to their integration in society too.

DEMOGRAPHIC CHANGE

Demographic change and cross-generation collaboration are increasingly challenging issues, and we are looking intensively into their impact for Siemens. The situation differs from region to region. Whereas, for example, the proportion of employees older than 55 is continuously rising in Europe and the U.S., this

age group makes up just 2% of the workforce in the Asia, Australia Region. To remain an employer of choice in the most competitive labor markets and to ensure the necessary transfer of knowledge within the Company, we are analyzing the respective environments and taking the appropriate action. We are also encouraging the exchange of proven methods among countries.

TRAINING AND LIFELONG LEARNING

In fiscal 2012, we invested €283 million, or €693 per employee, in training and continuing education, thus giving our employees at all levels throughout the world the chance to fully develop their potential. It begins with our young new employees, whom we prepare for their tasks in the competitive global arena with training programs worldwide. In Germany, we're one of the largest private providers of vocational training programs and professional training within the country's work-study system. In the year under review, we spent €183 million on this in Germany and €216 million worldwide.

Expenditure on continuing education in fiscal 2012

€283 million for continuing education

All around the world, Siemens gives its employees at all levels the chance to fully develop their potential. In fiscal 2012, expenditure on continuing education and expenditure per employee on continuing education were increased once again.

WWW.SIEMENS.COM/SR/EMPLOYEES

Continuing education programs of a demanding nature enable our employees to enhance their skills. Our Global Learning Portal on the intranet alone offers regional learning opportunities to all employees via 24 country portals. These facilities range from general training for employees and managers to tailored courses and services for groups and organizations. Around the world, our employees can avail themselves of uniform Siemens Core Learning Programs to acquire the typical key qualifications they need to excel in their work. These programs are oriented to the specific challenges faced by staff in day-to-day business and are aimed, for example, at employees engaged in sales, project management, procurement, development and production. New programs relating to logistics and system architecture were added in fiscal 2012.

At Siemens, qualified skilled workers and managers can complete academic degrees – such as a Bachelor of Engineering in Electrotechnical Systems, a Master of Business Administration or a Master of Science – while they work. These courses are based on a combination of seminars and self-learning phases especially tailored for working professionals. We identify talented people on a global basis and offer them challenging work in all areas of the Company. Selection and development of talented personnel are based on decisions by the respective manager and Human Resources department in accordance with globally uniform criteria defined in our Siemens Leadership Framework. In this way, we match employees' skills and potential to the requirements of their new positions. Since 2005, we have offered the Siemens Leadership Excellence program to train selected managers – from team leaders to upper management. We pay special attention to the continuing education and development of the upper management level. A separate department looks after these managers. These training facilities not only help managers develop the skills they require in a targeted and personalized manner, but are also useful tools for ensuring that they all understand and work toward common goals. Today, highly qualified skilled workers and managers actively choose companies that offer them more than just an interesting job. You can find additional information on part-time study programs at:

[WWW.SIEMENS.COM/SR/EDUCATION](http://www.siemens.com/sr/education)

THIRD GLOBAL EMPLOYEE SURVEY

In fiscal 2012, more than 286,000 Siemens employees (excluding OSRAM) took part in our Siemens Global Engagement Survey 2012 relating to employee engagement – in 40 languages. The participation rate was even better than the high figures in previous years. The number of employees engaging themselves for the Company and committed to our values remains unchanged at the same high level. The results show that we have made progress in various areas but they also show potential for improvement, which we will systematically put into practice between now and the next employee survey. To this end, we will intensify dialog with employees and use their high engagement to improve our processes and collaboration and evolve our corporate culture.

THE SIEMENS WORKFORCE IN FIGURES

Employee development

New hires were down by 29% in the year under review. This is the first year-on-year decline for two fiscal years. At the same time, exits were 17% lower in comparison with the previous year. The percentage of all Company dismissals was 19% for the year, compared to 16% the year before. All other variations result from changes in the scope of consolidation and other changes.

SIEMENS EMPLOYEE HIRES (IN THOUSANDS)

	FY 2012	FY 2011	FY 2010
Siemens	52.6	74.4	60.8
Europe, C.I.S. ¹ , Africa, Middle East	24.4	32.7	23.3
Americas	14.4	16.4	14.8
Asia, Australia	13.9	25.4	22.7

¹ Commonwealth of Independent States

WOMEN HIRED (AS A PERCENTAGE OF NEW HIRES)

	FY 2012	FY 2011	FY 2010
Siemens	31	28	33
Europe, C.I.S. ¹ , Africa, Middle East	27	24	28
Americas	29	26	26
Asia, Australia	38	34	43

¹ Commonwealth of Independent States

SIEMENS EMPLOYEE EXITS (IN THOUSANDS)

	FY 2012	FY 2011	FY 2010
Siemens	43.5	52.6	51.4

RETIRING WITHIN THE NEXT FIVE YEARS (AS A PERCENTAGE OF EMPLOYEES)¹

	FY 2012	FY 2011	FY 2010
Siemens	12	12	11

¹ Based on the Siemens worldwide average retirement age of 60.

EMPLOYEE FLUCTUATION RATE (IN %)¹

	FY 2012	FY 2011	FY 2010
Employee decision	4.3	5.2	5.1
Other reasons for exit	6.4	7.7	7.8
Total	10.7	12.9	12.9

¹ Employee fluctuation rate is defined as the ratio of voluntary and involuntary exits from Siemens during the fiscal year to the total number of employees.

Change in age structure

The distribution of employees by age group remained virtually unchanged in comparison with the year before. As in the previous fiscal years, the median age in the year under review was again 40.

AGE STRUCTURE IN FY 2012 (AS A PERCENTAGE OF EMPLOYEES)

	< 35	35 – 44	45 – 54	> 54
Siemens	36	27	25	12
Europe, C.I.S. ¹ , Africa, Middle East	29	28	30	13
Americas	29	26	27	18
Asia, Australia	61	27	9	2

¹ Commonwealth of Independent States

Working hours and working arrangements

AVERAGE OFFICIAL WEEKLY WORKING HOURS¹

	FY 2012	FY 2011	FY 2010
Siemens	39.1	39.1	39.2
Europe, C.I.S. ² , Africa, Middle East	37.6	37.6	37.7
Americas	41.2	41.0	41.2
Asia, Australia	41.5	41.5	41.5

¹ Contractually agreed weekly working hours at the end of the fiscal year.

² Commonwealth of Independent States

USE OF WORKING HOUR PROGRAMS AT SIEMENS (IN THOUSANDS)

	FY 2012	FY 2011	FY 2010
Part-time	11.3	16.1	24.2
Employees on leaves of absence	7.1	7.4	6.6

Continuing education

EXPENDITURE ON CONTINUING EDUCATION (IN MILLIONS OF €)¹

	FY 2012	FY 2011	FY 2010
Siemens	283	251	225

¹ Travel expenses not included.

EXPENDITURE PER EMPLOYEE ON CONTINUING EDUCATION (IN €)^{1,2}

	GJ 2012	GJ 2011	GJ 2010
Expenditure per employee on continuing education	693	608	560

¹ Figures are a mathematical average.

² Travel expenses not included.

Trend in time spent on continuing education by category

Compared with the previous fiscal year, the average number of hours spent on training by participants in the Siemens Leadership Excellence programs remained unchanged in fiscal 2012. Training measures at corporate management level are decided and implemented as needed in close cooperation with the CEO and the Company's Managing Board.

WWW.SIEMENS.COM/SR/EMPLOYEES

AVERAGE NUMBER OF TRAINING HOURS PER CATEGORY¹

	FY 2012	FY 2011	FY 2010
Corporate management (approx. 0 participants/year)	–	–	25
Top management			
New appointees (38 participants in FY 2012)	56	56	56
Alumni (39 participants in FY 2012)	25	25	25
New general management appointees (approx. 175 participants in FY 2012)	94	94	94
New higher management appointees (approx. 330 participants in FY 2012)	64	64	64
New management appointees (approx. 465 participants in FY 2012)	66	66	66

¹ Based on participants in Siemens Leadership Excellence programs or Executive Courses.

Occupational health and safety management

Occupational health and safety management are key elements of our sustainable corporate strategy and an integral part of our business processes. It is therefore very important to us that our activities in all Company units support our employees in their work and contribute to their safety and well-being. Our prudent commitment here also strengthens the competitiveness of our customers and lays the foundation for future success.

Our approach to occupational health and safety management is international in scope, proactive and oriented toward long-term development. Both topics are anchored in our Business Conduct Guidelines and form part of our internal monitoring, risk management and internal control systems. In addition, occupational safety is an important element of the international framework agreement between Siemens AG, the Central Works Council of Siemens AG, IG Metall and the IndustriAll Global Union.

OCCUPATIONAL SAFETY

As a globally operating, integrated technology company with core activities in the fields of energy, healthcare, industry, and infrastructure and cities, our employees and contractors are subject to a variety of risks. We counter these hazards both through centrally formulated, globally applicable guidelines and specialized standards, and through programs that allow for local adaptation. We also ensure that occupational safety is upheld at contractor companies through the Code of Conduct for Siemens Suppliers.

Within the framework of our global "Zero Harm Culture" program to reduce accidents and damage, we continue to anchor occupational health and safety management as an integrated part of all our business and improvement processes. The program comprises three principles:

- > Zero accidents is achievable.
- > We make no compromises on safety and health.
- > We look out for one another.

This is designed to ensure that, in the long term, rule- and control-based behavior is replaced by a culture of mutual awareness and that hazards are eliminated from the outset as far as possible. After developing concepts, methods and tools over the past two years and testing them in pilot projects in Germany, Brazil and Portugal, we have now implemented the program at many locations and construction sites throughout the world.

We investigate all accidents to determine their causes and take steps to prevent their reoccurrence. When analyzing the causes

of fatal accidents, we also call on the services of independent teams of experts. The causes of accidents are communicated within the affected unit and, if universally applicable, beyond it. This allows us to take precautions where similar machines, facilities or procedures are involved. Technical measures are amended as necessary through qualification measures.

OCCUPATIONAL SAFETY FIGURES

Accidents worldwide

When recording lost-time injuries (LTI), we incorporate the applicable national definitions. In order to reduce the number of accidents, we have introduced additional Sector-specific actions and programs, particularly on construction sites and in projects.



LTIFR EMPLOYEES AND CONTRACTORS¹

	FY 2012	FY 2011	FY 2010
Employees ²	0.38	0.44	0.51
Contractors ³	0.28	0.32	0.40

- 1 Lost-time injury frequency rate: number of lost-time injuries (LTI) x 100,000/work hours performed; LTI are accidents that result in at least one lost day of work.
- 2 Depending on national regulations, foreign or temporary workers may also count as employees.
- 3 Contractors who bill by time.

Fatal accidents involving employees and contractors

We have integrated the topics of occupational health and safety management more rigorously in our project business to try and improve the situation. In fiscal 2011, we developed and introduced a Company-wide standard for this purpose.

Regrettably, the number of fatal accidents further increased during the period under review. Of the 15 fatal accidents among our contractors, seven occurred on construction sites in India. We took immediate action and launched the "Suraksha" (Hindi for safety) project in August 2012. With this project, we are intensifying our occupational safety training for contractors and our own employees. In addition, we inspected 50 construction sites in the first quarter of fiscal 2013 and extended our training activities by some 10,000 hours.

We also take a very rigorous approach to selecting contractor companies and have introduced even more stringent occupational safety requirements. As a result of the systematic assessment process that we developed and introduced in 2012, some 100 contractor companies have been excluded from Siemens projects for the time being. They will not be reconsidered by us as potential contractors until the issues objected to have been rectified and they have successfully completed our assessment process again. You can find further information on how we select our suppliers in the → [SUPPLIERS CHAPTER ON PAGE 61.](#)

WWW.SIEMENS.COM/SR/SUPPLIERS

We do not present specific figures for fatal commuting accidents. In cases in which commuting accidents are regarded as work accidents according to national definitions, we have included them as such in the figures.

FATAL ACCIDENTS INVOLVING EMPLOYEES AND CONTRACTORS			
	FY 2012	FY 2011	FY 2010
Employees	4	3	4
Contractors	15	12	8

Occupational illness

The total number of cases of occupational illness relative to the number of employees has remained at a low level for many years. The corresponding indicator (occupational illness frequency rate, OIFR) relative to 1,000,000 work hours performed was 0.45 in the year under review (FY 2011: 0.34, FY 2010: 0.39). Here we report only the figures for Siemens AG. The OIFR is calculated solely on the basis of cases of occupational illness recognized by the Employers' Liability Insurance Association.

WWW.SIEMENS.COM/SR/SAFETY

HEALTH MANAGEMENT

Healthy, productive and motivated employees are the foundation of a successful company. Siemens invests in the physical, mental and social well-being of its employees to promote their personal health in a sustainable manner and reduce work-related health risks.

Siemens' health management is based both on applicable legal regulations and internal requirements for occupational health and safety. It also includes additional health programs for promoting and strengthening health and well-being that pick up on the challenges of the working world as well as developing trends.

In order to establish sustainable and systematic health management, we developed a globally applicable health management system similar to the occupational safety and environmental management systems. The management system supports organizational units in dealing with the health of their employees in a systematic way. In addition, it leaves room for content-related and cultural adaptation in the Sectors and Regions.

Siemens has established a high standard of health and safety. We help our employees assume responsibility for their own personal behavior in health-related matters, and support health-promoting general conditions within the Company. The measures we offer focus on the topics of healthy work environment, psychosocial well-being, physical activity, healthy nutrition and medical care.

Ergonomics has always been an important factor in designing workplaces, and its importance has even increased due to recent demographic developments. During the year under review, we therefore piloted an ergonomic assessment tool for different types of workplaces at our sites in Regensburg and Berlin. We are now working on incorporating our findings in a preventive ergonomics management system.

Over the past two years, we have also developed a standardized service for frequent travelers who go on more than ten international business trips a year or for employees who travel to countries with severe health risks: the Siemens Traveler Health Check (STHC). The STHC includes consultations and medical examinations considering risks due to individual, regional and work-related hazards. This is a defined procedure that can be adapted to country-specific laws and regulations.

WWW.SIEMENS.COM/SR/HEALTH-MANAGEMENT

Environmental protection and products

Protection of the environment enjoys high priority at Siemens. To best fulfill our responsibilities in this field, we are pursuing a holistic approach: Our focus is not only on the environmentally relevant impact of our products – throughout their entire lifecycle – but also on the environmental impact of our own activities at our sites worldwide. Against this background, we decided this year to combine the topics of environmental protection and product responsibility in a single chapter.

MANAGEMENT APPROACH

Our Siemens environmental management system defines principles and standards that are valid Company-wide. The system helps our Company units to comply with applicable laws and regulations, satisfy our corporate requirements properly, and achieve the Company-wide targets according to our environmental programs. We monitor results and progress by means of regular internal audits, and use the findings to continuously improve our performance.

WWW.SIEMENS.COM/SR/EHS-MANAGEMENT-APPROACH

In our product-related environmental protection activities, we focus not only on the manufacturing phase but also on the design, sales, use, service, and disposal phases of our products. This allows us to satisfy product-related environmental protection requirements at an early stage in product and production planning. We have defined our basic requirements in a Siemens-wide standard on environmentally compatible product and system design. At the same time, we ask our business partners to comply with this same standard. We are therefore able to reduce environmental impact beyond the boundaries of Siemens. As concerns industrial environmental protection, we have introduced environmental management systems locally in accordance with the international standard ISO14001. This ensures the systematic organization and documentation of internal environmental procedures designed to conserve resources and achieve legal certainty.

OUR ENVIRONMENTAL PROGRAMS

Our environmental activities are based on two programs that we launched in the year under review. The “Serve the Environment” (industrial environmental protection) and “Product Eco Excellence” (product-related environmental protection) programs describe our activities and goals. They are designed to improve energy and resource efficiency, to fulfill growing international requirements with regard to environmental protection, to increase customer benefits, and to proactively strengthen our position as a sustainable Company.

In the “Serve the Environment” program we have set the following main goals:

- > to systematically continue our efforts to improve energy efficiency, and therefore achieve greater efficiency in the area of CO₂ emissions;
- > to increase our waste efficiency by 1% annually by fiscal 2014; and
- > to reduce our waste for disposal by 1% annually by fiscal 2014.

Furthermore, Siemens is pursuing a new approach to water resources management developed in 2012. At locations where there are increased water-related risks – for example, as a result of aridity, high wastewater loads, or poorly developed technical infrastructures – we define goals that are matched to local circumstances. This enables us to effectively reduce risks and negative impacts on the environment. Our environmental program also addresses air pollution, defining alternative solutions for ozone-depleting substances whose use is still legally permitted, and generating complete solvent balance sheets – in the case of solvents also for quantities below statutory minimum thresholds. We achieve the above goals by integrating local targets and measures into the existing environmental management systems at our sites.

The “Product Eco Excellence” program defines an integrated approach toward meeting environmental product-related requirements over the entire product lifecycle and thus supports our business activities. Its goal is to better prepare Company units to satisfy future regulatory requirements, to strengthen environmental communication with our customers, and to broaden environmental awareness among our employees. The main elements of the program are: (1) to optimize the use of information relating to product components, (2) to provide a better way of assessing substances and materials used with regard to their properties and effects, and (3) to establish a harmonized procedure for determining the ecological footprint of our products whose coverage we want to further increase.

By using our worldwide IT-based environmental information system, we record and monitor the environmental impact of Siemens and the success of our programs. Based on the environmental data recorded, we determine relevant KPIs and identify the product-related and industrial environmental protection requirements that need to be met.

Industrial environmental protection

REPORTING ON ENVIRONMENTAL FACTORS AND COLLECTING ENVIRONMENTAL DATA

In fiscal 2012, we used our environmental information system to analyze 335 reports from sites in 42 countries at which defined threshold values were exceeded for parameters such as energy use, resource consumption, and emissions. The reduced number of reports analyzed compared to the previous year is due to the planned spinoff of OSRAM.

To measure and monitor our environmental impact, we use absolute values such as energy consumption in gigajoules. With the exception of CO₂ emissions, this information is shown as a timeline and is not portfolio-adjusted. By contrast, we calculate environmental performance using normalized and portfolio-adjusted efficiency figures. We use plant revenue – production manufacturing costs – as the normalization factor for the production sites and the net floor space for the office sites. This enables us to evaluate the Company's environmental performance consistently over time, independent of portfolio changes.

WWW.SIEMENS.COM/SR/ENVIRONMENTAL-REPORTING

ENVIRONMENTAL MANAGEMENT SYSTEM

All our locations have an environmental management system in place, 295 of which are also certified in accordance with ISO14001. The decision as to whether a unit has its environmental management system certified in accordance with ISO14001 is made by the environmental protection executives of the Sectors, Divisions and Regions in close consultation with the environmental protection officers. Compared to the previous year, the Healthcare Sector introduced a worldwide certificate for all locations and replaced its self-certifications with an external certification. As a result, the number of self-certifications has fallen to ten only. Three Siemens locations have implemented an energy management system in accordance with ISO50001. Further locations are in the process of implementation.

WWW.SIEMENS.COM/SR/ENVIRONMENTAL-MANAGEMENT-SYSTEM

LOCATIONS WITH AN ENVIRONMENTAL MANAGEMENT SYSTEM IN ACCORDANCE WITH ISO 14001¹

	FY 2012	FY 2011	FY 2010	FY 2009
External certifications	285	256	243	209
Self-certified ²	10	65	31	11

¹ Figures as recorded in the environmental information system; continuing operations FY 2012, continuing and discontinued operations up to FY 2011.

² Self-certified: Locations are permitted to certify their environmental management systems internally in line with ISO 14001, provided they follow defined, in-house quality standards.

ENERGY AND ENERGY EFFICIENCY

In fiscal 2012, we registered a reduction of approximately 50% in direct energy consumption and 24% in indirect energy consumption compared with the previous year. The reduction is due, for the most part, to the OSRAM share no longer being reported. The Company's "Serve the Environment" program also contributed to the reduction by, among other things, improving energy efficiency. In the year under review, for example, Siemens Real Estate (SRE) realized savings potential at selected locations of more than €4.5 million in reduced energy costs and around 17,000 tons of CO₂ emissions.

PRIMARY ENERGY CONSUMPTION (IN 1,000 GIGAJOULES)¹

	FY 2012	FY 2011	FY 2010	FY 2009
Natural gas/ liquid petroleum gas	4,683	9,405	9,545	9,009
Fuel oil	120	189	264	315
Coal	28	52	48	44
Gasoline/diesel fuel ²	207	400	487	322
Total	5,038	10,047³	10,344	9,690

¹ Figures as recorded in the environmental information system; continuing operations FY 2012, continuing and discontinued operations up to FY 2011. Coverage of the recorded energy consumption (primary energy) was 74% in FY 2012.

² Energy consumption reported in the environmental information system for vehicles and machines at environmentally relevant locations.

³ Including OSRAM according to environmental information system: 4,845.

SECONDARY ENERGY CONSUMPTION (IN 1,000 GIGAJOULES)¹

	FY 2012	FY 2011	FY 2010	FY 2009
Electricity	9,116	12,388	12,188	11,705
District heating	2,032	2,286	2,409	2,405
Total	11,148	14,674²	14,598	14,110

¹ Figures as recorded in the environmental information system; continuing operations FY 2012, continuing and discontinued operations up to FY 2011. Coverage of the recorded energy consumption (secondary energy) was 94% in FY 2012.

² Including OSRAM according to environmental information system: 3,210.

In addition to energy consumption at the locations as reported above, energy consumption of the Company's business vehicles is recorded centrally. Staff vehicles, service vehicles, and the Company's own trucks are grouped together. In fiscal 2012, the Company fleet consumed fuel whose energy content amounted to around 5 million gigajoules. Fuel energy use is distributed in almost equal parts between diesel fuel and gasoline; a remainder of approximately 1% is accounted for by liquid petroleum and natural gas.

INCREASE IN ENERGY EFFICIENCY (IN %, BASE YEAR 2010)¹

Target: Continuous increase in energy efficiency

FY 2012	8%	
FY 2011	4%	

¹ Figures as recorded in the environmental information system; continuing operations; previous years adjusted for comparability.

We aim to continuously increase our energy efficiency within the framework of the “Serve the Environment” program. To this end, we are deploying the Siemens Energy Efficiency Program (EEP) and are implementing energy management systems at energy-intensive locations. In fiscal 2012, we were able to boost our energy efficiency by 8% compared to base year 2010. We have therefore achieved our target of a continuous increase in efficiency. We have recently refined the methodology employed to determine our energy efficiency. We now use a single KPI which incorporates weighted calculations of the primary energy input for all the energy sources used at our sites. This KPI takes into account the amount of energy used to extract, convert and distribute the fuels consumed. Fossil energy sources receive a higher primary energy factor than renewable energy sources. Siemens sites can accordingly increase their energy efficiency and reduce the impact on natural resources of their energy demands by strategically adjusting their choice of energy source.

WWW.SIEMENS.COM/SR/EEP

Our greenhouse gas balance is made up of the total emissions at our locations and the emissions caused by Company vehicles and business travel. We report our greenhouse gas emissions on the basis of the Corporate Standard of the Greenhouse Gas Protocol of the World Resource Institute and of the World Business Council for Sustainable Development. Direct greenhouse gas emissions (Scope 1) arise from sources in the Company’s ownership or under its control. Indirect greenhouse gas emissions (Scope 2) refer to the consumption of purchased electrical energy and district heating. Business travel is reported in Scope 3 because it is based on the use of services and vehicles of external companies. This timeline is based on continuing operations and is adjusted annually. All values are extrapolated to 100% coverage.

Increase in energy efficiency in FY 2012

8% increase in energy efficiency

In the year under review, we increased our energy efficiency for continuing operations by 8% compared with base year 2010.

WWW.SIEMENS.COM/SR/ENVIRONMENTAL-PROTECTION

GREENHOUSE GAS EMISSIONS (IN 1,000 TONS OF CO₂ EQUIVALENTS)¹

	FY 2012	FY 2011	FY 2010	FY 2009
Scope 1	1,042	961	1,059	1,115
Scope 2	1,385	1,390	1,397	1,459
Scope 3 ²	428	478	431	413
Total	2,855	2,830	2,888	2,987

¹ Continuing operations; previous years adjusted for comparability.
² Emissions from travel (flights, rail, rental cars).

DISTRIBUTION OF GREENHOUSE GAS EMISSIONS (IN %)¹

	FY 2012	FY 2011	FY 2010	FY 2009
Electricity and district heating	48	49	48	49
Natural gas, liquid petroleum gas, fuel oil, fuels	27	27	27	27
Other Kyoto gases ²	10	7	9	10
Business travel	15	17	15	14

¹ Continuing operations; previous years adjusted for comparability.
² This includes technical CO₂, SF₆, HFC, PFC, CH₄ and N₂O.

Greenhouse gas emissions rose by 1% compared to the previous year. This is mainly due to higher emissions at smaller locations and to a rise in sulfur hexafluoride (SF₆) emissions as a result of increased switchgear production. Electricity and district heating emissions (Scope 2) fell by 5,000 tons as a result of lower consumption of district heating but emissions from electricity consumption remained almost unchanged. We were able to reduce business travel emissions by 10%, thanks in part to the increased use of electronic communication media.

As compared to base year 2010, we also succeeded in improving our energy-induced CO₂ efficiency by 12% due to increased production capacity utilization. Our environmental information system covers about 92% of our indirect and direct greenhouse gas emissions. The remaining 8% comprises greenhouse gas emissions caused by activities at small sites that are of little environmental relevance and are therefore not recorded directly in the environmental information system. Emissions of this kind are calculated on the basis of extrapolation.

Siemens operates a heating plant in Germany that is covered by the European emissions trading system. Its CO₂ emissions account for 0.4% of our direct and indirect greenhouse gas emissions.

ATMOSPHERIC POLLUTANT EMISSIONS

Other industrial emissions into the atmosphere are also of great relevance in terms of environmental protection. Volatile organic compounds (VOC) contribute to the formation of ozone close to the earth's surface and are responsible for what is known as summer smog. We use these organic compounds as solvents in paints and adhesives, in impregnation processes, and for surface cleaning.

We also monitor the use of ozone-depleting substances (ODS) and comply with the Montreal Protocol, an international convention on the protection of the ozone layer, as well as with country-specific legislation.

ATMOSPHERIC POLLUTANT EMISSIONS (IN TONS) ¹				
	FY 2012	FY 2011	FY 2010	FY 2009
Volatile organic compounds	1,026	1,200 ²	1,100	900
Ozone-depleting substances in tons of R11 equivalent ³	0.1	0.2 ⁴	0.3	0.2

- 1 Figures as recorded in the environmental information system; continuing operations FY 2012, continuing and discontinued operations up to FY 2011. Coverage of the VOC emissions recorded in the environmental information system was just below 100% in FY 2012.
- 2 Including OSRAM according to environmental information system: 131.
- 3 R11 equivalence measures ozone depletion potential.
- 4 Including OSRAM according to environmental information system: 0.03.

The major part of the reduction in VOC emissions and half the reduction in ODS emissions compared to the previous year can be attributed to the OSRAM share in emissions that is no longer reported.

In calculating nitrogen oxides, we have assumed typical combustion conditions in the relevant thermal processes, resulting in a figure of 179 tons for environmentally relevant locations in the year under review.

WASTE

The environmental relevance of waste depends on the type of waste and its method of disposal. We distinguish between hazardous and non-hazardous waste. These two groups are further divided into recyclable waste and waste for disposal. We report waste from construction or demolition work separately because this kind of waste material arises independently of production.

Year on year, waste volume (excluding construction waste) fell by a total of 4%. The reduction applies across all waste types and is attributable mainly to the fact that waste at OSRAM sites is no longer reported. However, the reduction was compensated in part by the inclusion of new sites and increased production capacity utilization.

WASTE (IN 1,000 TONS) ¹				
	FY 2012	FY 2011	FY 2010	FY 2009
Non-hazardous waste	393	400	359	339
Hazardous waste	46	56	53	49
Construction waste	21	35	30	27
Total	460	491²	442	415

- 1 Figures as recorded in the environmental information system; continuing operations FY 2012, continuing and discontinued operations up to FY 2011. Coverage of the volume (total waste volume excluding construction waste) recorded in the environmental information system was 94% in FY 2012.
- 2 Including OSRAM according to environmental information system: 53.

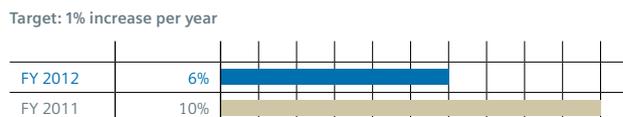
RECYCLING (IN %, INCLUDING CONSTRUCTION WASTE) ¹				
	FY 2012	FY 2011	FY 2010	FY 2009
Share of recycling in total waste	84	78	80	81

- 1 Figures as recorded in the environmental information system; continuing operations FY 2012, continuing and discontinued operations up to FY 2011.

The waste recycling rate increased to 84%. This is due to the higher proportion of recyclable waste in demolition projects.

Our goals set out in the "Serve the Environment" program were achieved in fiscal 2012: Waste for disposal was reduced by 4% compared to base year 2010. The target of 1% per year was therefore clearly surpassed in the year under review. Waste efficiency also rose by 6%, compared to 2010, due to greater production capacity utilization, and therefore also exceeds the environmental program target of 1% per annum.

INCREASE IN WASTE EFFICIENCY (EXCLUDING CONSTRUCTION WASTE) (IN %, BASE YEAR 2010)¹



- 1 Figures as recorded in the environmental information system; continuing operations; previous years adjusted for comparability.

REDUCTION OF WASTE FOR DISPOSAL (IN %, BASE YEAR 2010)¹

Target: 1% improvement per year

FY 2012	4%								
FY 2011	(3)%								

¹ Figures as recorded in the environmental information system; continuing operations; previous years adjusted for comparability.

WATER AND WASTEWATER

Year on year, water consumption and wastewater volumes fell by about 30%. This is due to the removal of sites from the statistics, including the water-intensive OSRAM manufacturing facilities.

WATER CONSUMPTION (IN 1,000 CUBIC METERS)^{1,2}

	FY 2012	FY 2011	FY 2010	FY 2009
Water consumption	10,625	15,180 ³	14,990	14,110

¹ Figures as recorded in the environmental information system; continuing operations FY 2012, continuing and discontinued operations up to FY 2011.

² Does not include roughly 16.7 million cubic meters of cooling water drawn from groundwater and surface water resources and returned chemically unchanged, but warmed.

³ Including OSRAM according to environmental information system: 4,347.

WASTEWATER (IN 1,000 CUBIC METERS)¹

	FY 2012	FY 2011	FY 2010	FY 2009
Cooling water	757	2,030	2,100	1,660
Wastewater from employee facilities	5,064	6,380	6,570	6,350
Wastewater from manufacturing processes (total)	3,038	4,450	4,160	4,060
Other (incl. losses)	1,290	2,280	2,080	1,670
Total	10,149	15,140²	14,910	13,740

¹ Figures as recorded in the environmental information system; continuing operations FY 2012, continuing and discontinued operations up to FY 2011.

² Including OSRAM according to environmental information system: 4,316.

We are breaking new ground with our water management system which we further developed in 2012. In our "Serve the Environment" program, we have set the goal of reducing the impact of local water use. With this in mind, we are concentrating on regions where sustainable water supplies or good water quality present a special challenge. Many options are open to us. Water consumption and wastewater loads can be minimized and the risk of pollution by wastewater or substances hazardous to water can be reduced.

ENVIRONMENT-RELATED INCIDENTS AND PENALTIES

In the year under review, we recorded 15 environmentally relevant incidents. These are occurrences that must be notified to the authorities – notifiable incidents – or that had an external impact on the environment. Ten of them involved releases into bodies of water or sewer networks. There were four incidents involving the discharge of oil or resin, and one relating to atmospheric emissions. We reported them all within the framework of our management systems, including external reports if required. We eliminated minor damages, and analyzed the incidents to rule out their re-occurrence. No significant penalties were imposed this year.

NATURE AND WILDLIFE CONSERVATION

Siemens activities have an impact on nature and wildlife at its own locations. In the year under review, we conducted a study to identify activities that, bearing costs in mind, can be pursued to promote nature and wildlife on Siemens premises. The aim is to incorporate the findings of the study in the design and operation of our locations. For example, at our Anhangüera site in Brazil, we have set up a large protected area traversed by a nature trail in the Atlantic rainforest. Our employees also demonstrate their commitment to the conservation of nature and wildlife by resealing and restoring green spaces at our sites, improving the microclimate, and protecting wildlife.

WWW.SIEMENS.COM/SR/ENVIRONMENTAL-PROTECTION

Product-related environmental protection

ENVIRONMENTALLY COMPATIBLE PRODUCT AND SYSTEM DESIGN

In our view, a sustainable lifecycle begins with the design of a product. This is where our long years of varied experience help minimize the expected environmental impact of a product in its use and recycling phases.

In our internal environmental standard derived from the former Siemens standard SN 36350, we define requirements with regard to the environmentally compatible product and system design throughout the entire lifecycle and thus set minimum standards for the environmentally responsible development of our products and solutions. The standard is continually adapted to meet international requirements, with corresponding work instructions providing more detailed guidance. The implementation of these requirements is a mandatory part of the processes we use to control the entire lifecycle of our products and systems.

WWW.SIEMENS.COM/SR/ENVIRONMENTAL-STANDARDS

The use phase of many of our products and systems has the greatest ecological impact. We attach particular importance to resource and energy efficiency during this phase. We also evaluate the findings of lifecycle assessments and integrate them into future product development. In this way, we help customers improve their environmental impact.

At Siemens, closing material loops (cradle to cradle) is becoming increasingly important in product development and is therefore included in our environmental standard. It means that through reuse, refurbishing or recycling, products, components, or materials go through more than just one lifecycle, and therefore make a substantial contribution to the protection of the environment. In this context, the use of critical substances in an electronic product can greatly impact the product's recyclability. Consequently, the list of declarable substances (LoDS) is also a part of our environmental standard. The list contains substances that are restricted in use due to regional or application-specific regulations or due to potential health and environmental risks posed by the substances in the manufacture, use and disposal of associated products. As far as technically feasible, Siemens avoids the use of all such LoDS-listed substances in its products worldwide. We therefore exceed the existing statutory requirements.

We are committed to continuously increase transparency regarding declarable substances, particularly in purchased parts. This enables us, for example, to assess the environmental impact of our products and to satisfy the requirements of our customers in the respective target markets.

During the supplier qualification process, new suppliers must commit to declare substances from the LoDS. These basic substance declaration requirements are mandatory for our suppliers and are included in procurement and project contracts. In real terms, this means that our suppliers must notify us if their products and components contain declarable substances, and must provide us with relevant detailed information.

To make an easy-to-use method with high data quality readily available, Siemens relies on an Internet-hosted database in which our suppliers declare the substances they use in their products.

LIFECYCLE ASSESSMENTS

The assessment of the environmental impact of our products and systems throughout their entire lifecycle is one of the key activities we are targeting with our internal environmental standard. We use specific software solutions and scientifically recognized databases to determine and evaluate the "ecological footprint." We adopt the requirements of international standards ISO14040 and ISO14044 so we can cover the complex subject of lifecycle assessment (LCA). In addition to detailed lifecycle assessments (full-scale LCAs), we make use, where appropriate, of simplified lifecycle assessments (screening LCAs) such as CO₂ screening. CO₂ screenings are also used as a selection and control criterion for the elements in the Environmental Portfolio.

WWW.SIEMENS.COM/SR/LCA

LCA is also one of the key tools used to determine environmental benefit with the help of the Eco-Care-Matrix. It enables us to compare customer benefit in monetary terms and environmental benefit vis-à-vis the predecessor product so we can provide our customers with a comprehensive picture of their product.

ENVIRONMENTAL PRODUCT DECLARATIONS

It is important to us to inform our customers about the environmental impact of our products and solutions. We therefore use environmental product declarations (EPD) as a vivid and transparent information and communication medium. To ensure that our environmental product declarations offer a consistent level throughout the Company, we bring together the experience of the individual Business Units in the form of a dedicated panel of experts. The panel addresses overarching issues relating to lifecycle assessment and environmental product declarations, and drives the ongoing development of environmental product declaration requirements in our company-wide standard. The standard is subjected to regular reviews and is adapted to changing national and international conditions.

WWW.SIEMENS.COM/SR/EPD

As of fiscal 2012, the key figures on lifecycle assessments and environmental product declarations will be reported retrospectively on the basis of the revenues of relevant Business Units and no longer at Division level. A Business Unit is regarded as relevant if it develops products or systems and must therefore meet the requirements of the environmental standard. The sharp increase in the key figures from fiscal 2010 to 2011 can be attributed to the additional inclusion of other Business Units. Coverage has remained at this constant high level since.

**LIFECYCLE ASSESSMENTS AND ENVIRONMENTAL
PRODUCT DECLARATIONS (PERCENTAGE OF REVENUE COVERED)**

	FY 2012	FY 2011	FY 2010
Full-scale LCAs	75	75	68
Screening LCAs	54	54	33
Environmental product declarations (EPD)	78	78	72

Reference base: Revenue of Business Units that develop products and systems and therefore meet the requirements of the environmental standard. In revenue coverage we include the total revenue of a Business Unit once we have carried out "Full-Scale LCAs", "Screening LCAs" or "EPDs" for their products or systems. No product-related coverage is calculated.

USE PHASE

The environmental product declarations also serve, for example, to inform our customers of the environmental impact of our products in their use phase. We also provide additional information on many of our products and systems to enable customers to use them as efficiently as possible and therefore in an environmentally friendly way. The products in our Environmental Portfolio exhibit particularly ecofriendly characteristics in the use phase.

In the Healthcare Sector, parts of returned systems which are no longer intended for sale, are removed by the Refurbished Systems Business Unit. They are then refurbished and made available as spare parts for healthcare products by the Healthcare Customer Services department. These parts may be small elements such as printed circuit boards or even complete components. Consequently, our Refurbished Systems Business Unit also significantly contributes to saving resources and reducing CO₂ emissions.

END OF LIFE

Throughout Siemens we have adopted a philosophy of resource conservation that covers the entire lifecycle of a product. For product designers, this completes the information loop between the end of life of one product and the development phase of a new product.

The handling of used electrical and electronic equipment or their disposal now entails much more than collecting and recycling old devices. What's important is the sensible return and recycling of such devices or even the refurbishing of complete systems. We make appropriate information available to our customers and give recommendations as to how to deal with our products at the end of their use phase.

Product safety

Product safety has utmost priority for the entire Siemens product portfolio. Our goal is to design and manufacture products that are safe in all respects. This applies both to tangible and intangible products. Our system to ensure product safety:

- > Avoids dangers and minimizes risks to users and third parties,
- > Provides binding rules for all products – our own and those of third parties – that we market,
- > Underscores the emphasis we place on product safety along the entire value chain, and
- > Safeguards the sustainable success of Siemens and protects our reputation.

Our "Principles of Product Safety" and the related guidelines define the framework for the methods and measures implemented at Siemens and are binding for all units concerned with product safety.

Communication

With product communication, as with all our communication activities, we also make consistent and balanced information available to all our stakeholders. Our Company-wide communication policy affirms our credibility and trustworthiness and demonstrates how seriously we take our responsibilities. We publish all in-house communication guidelines on the corporate intranet. We also require all Company information and its distribution to adhere to local statutory regulations and generally applicable ethical and cultural standards.

Suppliers

A competitive, globally balanced and localized network of suppliers is vital to Siemens' success. This is one of the reasons why we put sustainability into practice throughout the value chain. In our collaboration with suppliers, we not only take criteria like quality, cost and availability into account, but also their innovative strength and approach to sustainability.

REQUIREMENTS FOR SUPPLIERS

We have integrated our sustainability requirements in all relevant Supplier Management processes – such as Supplier Selection, Supplier Qualification and Evaluation, as well as Supplier Development – and are refining them constantly. This enables us to recognize risks at an early stage on the one hand and to actively exploit opportunities on the other hand.

We expect all our suppliers to make a clear commitment to the principles of sustainability. Our requirements – such as respect for the basic rights of employees and environmental protection – are defined in the Code of Conduct for Siemens Suppliers. Under relevant clauses in our procurement contracts and our Conditions of Purchase, all Siemens suppliers must undertake to meet these requirements and also promote compliance with them in their own supply chain. Find out more about the Code of Conduct for Siemens Suppliers, which is based on the ten principles of the UN Global Compact and reflects the content of our Siemens Business Conduct Guidelines:

[WWW.SIEMENS.COM/SR/CODE-OF-CONDUCT](http://www.siemens.com/sr/code-of-conduct)

Siemens' purchasing volume in fiscal 2012

€40 billion purchasing volume

We procure from some 90,000 suppliers in over 170 countries. Siemens' purchasing volume in fiscal 2012 amounted to about €40 billion. That is roughly half of our total annual revenue. In the year under review, we focused on continuing to enhance our supply chain management and strengthening Siemens' competitiveness by achieving substantial savings. The supplier initiative successfully completed before the start of fiscal 2012 also helped us in this regard. In line with our strategic priorities, we further developed and continuously rolled out this initiative for leveraging saving potential.

[WWW.SIEMENS.COM/SR/SUPPLIERS](http://www.siemens.com/sr/suppliers)

In fiscal 2012, we made particular efforts to tighten the requirements for occupational health and safety standards for suppliers at our project construction sites. Specifically, for the normal health and safety management systems, we require a detailed

risk assessment for every site, an appraisal of the risks identified, and measures to minimize them. From fiscal 2013 on, specially devised health and safety audits will be held at the construction sites themselves to check this. In the year under review, we also trained suppliers in India in health and safety at construction sites. In addition, in the year under review we began checking the effects of an American legal provision enacted in 2012, which aims to increase transparency and responsibility in the procurement of "conflict minerals" from the conflict zones of the Democratic Republic of Congo and the surrounding region. A concrete implementation strategy is currently being drafted. For further information, please see the Siemens Annual Report 2012, Financial Report, on

→ PAGE 121.

IDENTIFYING DEVIATIONS AND IMPLEMENTING MEASURES FOR IMPROVEMENT

Because our supplier network is very large and ramified, it is not possible for us to inspect all suppliers to the same extent by auditing them on site. We have therefore established a risk-based system of appropriate processes to enable us to systematically identify potential risks in our supply chain. It consists of Sustainability Self-Assessments by suppliers, Risk Evaluation conducted by the buyer, a Sustainability Module as part of Supplier Quality Audits, and Sustainability Audits by external auditors.

[WWW.SIEMENS.COM/SR/SUPPLIER-AUDITS](http://www.siemens.com/sr/supplier-audits)

SUSTAINABILITY SELF-ASSESSMENTS¹

Number	FY 2012	FY 2011	FY 2010
Europe, C.I.S. ² , Africa, Middle East	1,218	752	109
Americas	1,796	568	67
Asia, Australia	3,128	1,557	777
Total	6,142	2,877	953
Results	FY 2012	FY 2011	FY 2010
Category "green" (no deviations)	3,580	1,692	512
Category "yellow" (minor deviations) ³	1,342	605	193
Category "red" (suspicion of serious deviations) ³	1,220	580	248
Total	6,142	2,877	953

¹ To be conducted by suppliers from non-OECD states with a purchasing volume > €50,000 p.a. Questionnaires initiated and completed in the year under review.

² Commonwealth of Independent States

³ Clarification of the situation by the responsible buyer, agreement on corrective measures within a defined period of time or conducting of an external Sustainability Audit.

EXTERNAL SUSTAINABILITY AUDITS

Number	FY 2012	FY 2011	FY 2010
Europe, C.I.S. ¹ , Africa, Middle East	37	24	20
Americas	51	29	31
Asia, Australia	269	231	152
Total	357	284	203

Agreed Improvement Measures ^{2,3}	FY 2012	FY 2011	FY 2010
Legal compliance/prohibition of corruption and bribery	1,303	443	270
Respect for the basic human rights of employees	2,129	1,466	326
Prohibition of child labor	93	105	81
Health and safety of employees	2,600	2,277	336
Environmental protection	598	377	160
Supply chain	353	295	199
Total	7,076	4,963	1,372

- 1 Commonwealth of Independent States
- 2 A more detailed questionnaire is used to audit the suppliers even more thoroughly. This led to a clear rise in the number of measures for improvement in the year under review.
- 3 Improvement measures agreed with suppliers relate either to actual deviations from the Code of Conduct for Siemens Suppliers or to structural improvements of management systems and the lack of specific processes and guidelines at the supplier.

FOLLOW-UP AUDITS TO EXTERNAL SUSTAINABILITY AUDITS

Number	FY 2012	FY 2011	FY 2010
Europe, C.I.S. ² , Africa, Middle East	6	- ¹	-
Americas	8	- ¹	-
Asia, Australia	168	- ¹	-
Total	182	-¹	-

- 1 Planning and pilot phase
- 2 Commonwealth of Independent States

NUMBER OF SUPPLIER QUALITY AUDITS WITH SUSTAINABILITY MODULE

Number	FY 2012 ¹	FY 2011	FY 2010
Europe, C.I.S. ² , Africa, Middle East	50	96	62
Americas	2	10	48
Asia, Australia	101	188	236
Total	153	294	346

- 1 The decline is due to portfolio changes and a modified supplier quality audit procedure. We have effectively minimized the risks in our supply chain by both enhancing external Sustainability Audits and Sustainability Self-Assessments and increasing their number.
- 2 Commonwealth of Independent States

If deviations from our requirements are identified, they must be remedied by the suppliers in question within a reasonable period of time. In the event of serious deviations or unwillingness to implement measures for improvement, we exclude suppliers from any business with Siemens. In all we do, we are guided by the principles of developing our suppliers in close partnership and building up their competencies for the long term. Furthermore, following a pilot phase in fiscal 2011, we conducted the first large-scale follow-up audits. These entail revisiting the sites to see if the agreed measures have actually been implemented.

Deviations identified in the audits mainly relate to structural deficiencies in management systems and the lack of specific processes and guidelines at the supplier. This includes, for instance, measures to effectively prevent corruption and bribery and to rule out child labor. In addition, serious deviations were identified at eleven suppliers but were corrected by the set deadline.

We implemented our supplier qualification process throughout the world in previous years. In fiscal 2012, this enabled us to more than double the number of self-assessments carried out.

KNOW-HOW TRANSFER AND BUILDING COMPETENCE

Our suppliers' commitment to comply with our sustainability principles is most effective when it is based on their own convictions. We are therefore increasingly committed to building our suppliers' competence and intensifying knowledge transfers related to sustainability. In addition to providing Internet-based training, we regularly organize sustainability courses for suppliers in various countries. In fiscal 2012, we held such meetings in Saudi Arabia, Brazil, Indonesia and Turkey. Here we see great potential to anchor sustainability even more firmly in the supply chain. That is why we are developing another innovative training offer for suppliers. We will make it available free of charge to all suppliers in fiscal 2013 in addition to our existing training offers.

WWW.SIEMENS.COM/SR/SUPPLIER-TRAININGS

On top of that, sustainability is an integral part of the Company-wide training programs for buyers. Moreover, all employees with purchasing responsibility are obligated to take part in intranet-based training on the subject of "Sustainability in the Supply Chain."

REGIONAL RESPONSIBILITY AS A CUSTOMER

One essential element of moving toward a globally balanced supply chain network is to constantly increase the share of sourcing from emerging markets (Global Value Sourcing countries). For this purpose, we identify suitable suppliers in these countries and then integrate them in an ongoing development process that extends to sustainability. Both we and our suppliers benefit from these long-term partnerships.

WWW.SIEMENS.COM/SR/GLOBAL-VALUE-SOURCING

RESOURCE EFFICIENCY AND CLIMATE PROTECTION IN THE SUPPLY CHAIN

We collect and publish our greenhouse gas emissions (Scope 3) caused by purchased products and services as part of the Carbon Disclosure Project (CDP). We have also examined our supply chain with regard to water shortage risks and report on our activities as part of the CDP Water Disclosure program.

Energy Efficiency Program for Suppliers (EEP₄S)

916 participants

In the year under review, over 916 suppliers took part in our Energy Efficiency Program for Suppliers (EEP₄S).

WWW.SIEMENS.COM/SR/EEP4S

Energy efficiency is one of the most effective ways we can help protect the climate. This is where our expanded Energy Efficiency Program for Suppliers (EEP₄S) comes in. In this program we offer our suppliers environmental and energy efficiency checks in the shape of Internet-based self-assessments and help them identify opportunities for reducing the consumption of energy and other resources. In this regard, we draw upon the knowledge and expertise we have gained from our own environmental program and our Environmental Portfolio.

916 of our suppliers had conducted a self-assessment by the end of fiscal 2012. The results confirm that we have pointed out reduction potentials and effective measures to reduce emissions here. Roughly 18% of the self-assessments show the potential to save 14 to 20% and roughly another 56% the potential for 9 to 14%. Another 1,000 suppliers are due to be integrated into the program in fiscal 2013. On top of that, we want to hold discussions with about 60 suppliers to sound out this issue and

work out concrete measures to improve their resource efficiency. The following actual example demonstrates how this works and the successes our efforts can achieve.

We carried out a detailed energy and environmental analysis for our supplier and partner LEONI Kabel GmbH at its main production facility in Roth, Germany. During the project, our energy consultants on site conducted a thorough analysis of the status of all energy-related operational processes, evaluated the management processes, and investigated the improvement potential of the organizational structures. The entire process chain was scrutinized from raw materials and production to the final product. The results are impressive: The identified measures in the areas of lighting, machine control, drive optimization, heating, aeration and ventilation, and cooling show cost-cutting potential for the company of up to €250,000 per year. This is further proof that environmental protection and commercial benefit can be reconciled through concrete measures.

WWW.SIEMENS.COM/SR/SUPPLIERS

WWW.SIEMENS.COM/SCM

Corporate citizenship

Siemens does business in over 190 countries around the world. Ever since our Company was founded, we have been conscious of our responsibility in the various societies in which we operate – as an employer, customer and taxpayer. As a good corporate citizen, we see it as our job to make long-term, positive contributions to the development of these societies. Corporate citizenship is therefore an integral part of our holistic understanding of sustainability.

OUR CORPORATE CITIZENSHIP ACTIVITIES

With our product portfolio, we provide answers to the major challenges of our time: demographic change, urbanization, globalization and climate change. On the basis of this strategic orientation, we focus our corporate citizenship activities on the topics of environmental protection, education and science as well as social issues. We are convinced that these are the areas in which the combination of our specific know-how, our resources and products and our local presence around the world can bring the biggest benefit for society – and therefore also for Siemens. These strategic focal points are complemented by our commitment to the arts and culture. Our activities are geared towards the long term and aim to effectively and sustainably improve living conditions by helping people help themselves.

We also contribute our expertise in our collaborations with international organizations in the interest of joint learning. As a member of the United Nations Global Compact, for example, we contributed practical project examples to two publications on best practices in strategic social investment. More information on our experience with selected projects is available in the publications “New Paths to Performance: Strategic Social Investment and Philanthropy” and “The Reconceptualization of Business” at:

WWW.SIEMENS.COM/SR/COOPERATION

Effective corporate citizenship activities require profound local knowledge and long-term commitment. The responsibility for choosing and carrying out charitable activities therefore lies with the local units in each country. This ensures that we provide support where it is needed most. To continuously improve our performance, we regularly compare notes using virtual internal and external networks. In the year under review, we also established a new knowledge platform that will help us exchange experiences and methods even more effectively.

Donations by Siemens AG in fiscal 2012

€27.1 million in donations

In fiscal 2012, we donated €27.1 million.

WWW.SIEMENS.COM/SR/CORPORATE-CITIZENSHIP

The Siemens values of being responsible, excellent and innovative also apply to our social engagement. They are the foundation for our high quality standards when choosing projects to support and carrying them through. To focus our engagement activities around the world even more effectively, we have updated the strategic specifications for donations and sponsoring with more precise spheres of activity and practical aids, e.g. for measuring impact. Our social engagement can take a variety of forms, ranging from product donations such as ultrasound systems, to cash donations and volunteering activities of our employees. In addition, we provide immediate aid in the wake of natural disasters.

One example of how we make use of our specific competences for the benefit of society is the “Asha” project (which translates to hope) in India. Early in 2012, Siemens launched this project in the remote, 350-inhabitant village of Amle, which is located 130 kilometers north of India’s financial hub Mumbai. Situated in a valley and surrounded by a river on three sides, the village did not have electricity and was completely cut off from the mainland during the monsoon season. In partnership with a non-governmental organization, the local self-governance body and the forestry department, Siemens set up a solar power station, installed a water filtration plant and built dams and water reservoirs. Pumps in two different parts of the river enable nearly 15 acres of arable land to be irrigated. The villagers are being trained on multiple cropping and how to sell the crops profitably. We are working on raising health consciousness, increasing literacy and strengthening the position of women through a series of events. To sensitize the people to the value of healthcare, education, water and energy, the village’s development committee has decided to charge each household a small amount of money for the power provided. Farmers also make a small contribution from the profit they realize thanks to the increase in productivity. This money will be used for the upkeep of the system and make the project

self-sustaining. In keeping with the meaning of sustainability, the project aims to ensure an autonomous development of the village and the livelihood of its inhabitants. The experience we gathered there will also be incorporated in other projects.

WWW.SIEMENS.COM/SR/ASHA

Acknowledging outstanding projects is very important to us. In October 2012, for example, the Managing Board honored another corporate citizenship project during the conference of the top 500 Siemens managers. The Innovation Think Tank project of the Healthcare Sector, which has been running since 2010, aims to integrate students from countries like Germany, India and China in the innovation process. This way, everyone benefits: the students, society and not least Siemens. While the students gather practical experience in interdisciplinary and multinational teams, thus broadening their horizons and expanding their networks, Siemens can position itself as an attractive employer for the strongly contested up and coming talents in the biomedical sciences. And society also benefits from the innovations in healthcare and the practical qualification of young people: In the past fiscal year, more than 1,000 students from 136 universities as well as over 150 Siemens employees took part in the program as advisors or jury members. To date, more than 50 inventions have been registered as a result of this flow of ideas.

WWW.SIEMENS.COM/SR/THINK-TANK

FACTS & FIGURES

DONATIONS

	FY 2012	FY 2011	FY 2010
Total (in millions of €)	27.1	32.6	34.2
Share of net profit (in %)	0.6	0.5	0.8

DONATIONS BY CATEGORY (IN MILLIONS OF €)

	FY 2012	FY 2011	FY 2010
Education and science	15.8	18.8	19.6 ¹
Humanitarian and social issues	6.7	8.9	9.9
Arts and culture	4.4	4.5	4.5
Environmental protection	0.2	0.3	0.2
Total	27.1	32.6	34.2

¹ Donations for education and science in fiscal 2010 in Germany (Siemens AG) include a special effect from the contribution of €7.5 million by Siemens AG to the ESMT-Stiftung, European School of Management and Technology GmbH.

DONATIONS BY REGION (IN MILLIONS OF €)

	FY 2012	FY 2011	FY 2010
Europe, C.I.S. ¹ , Africa, Middle East	13.4	19.3	25.8 ²
<i>thereof Germany</i>	<i>10.1</i>	<i>15.0</i>	<i>21.5²</i>
Americas	8.9	9.6	5.6
Asia, Australia	4.8	3.7	2.8
Total	27.1	32.6	34.2

¹ Commonwealth of Independent States

² Donations for education and science in fiscal 2010 in Germany (Siemens AG) include a special effect from the contribution of €7.5 million by Siemens AG to the ESMT-Stiftung, European School of Management and Technology GmbH.

Our achievements to date as well as the high expectations of our employees and other stakeholders are both an acknowledgement and an incentive to keep improving our programs and practices in the coming years. By this means, we aim to fulfill our responsibility as a company and make effective contributions towards achieving the millennium development goals and implementing the ten Global Compact principles of the United Nations.

WWW.SIEMENS.COM/SR/CORPORATE-CITIZENSHIP

SIEMENS STIFTUNG

Established in 2008 with a capital of €390 million, Siemens Stiftung complements our corporate citizenship activities and cooperates with the other five corporate foundations in Argentina, Brazil, France, Columbia and the United States. Its goal is to empower people to actively contribute towards social development. The foundation is involved both in national and international projects dedicated to enhancing people's basic services and social entrepreneurship, promoting education and strengthening culture.

An example of the kind of projects Siemens Stiftung engages in is the global "empowering people. Award", which aims to find and provide simple technical solutions that help deal with pressing tasks relating to basic services in developing and emerging countries. The setup of a central knowledge database ensures that these inventions will be available to everyone involved in development partnerships.

WWW.SIEMENS-STIFTUNG.ORG/EN

Independent assurance report

The assurance engagement performed by Ernst&Young 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, Berlin and Munich

OUR ENGAGEMENT

We have been engaged to perform a limited assurance engagement on the Siemens AG Sustainability Report (hereinafter: the report) for the reporting period from 1 October 2011 to 30 September 2012:

The report is published both as a printable version and as an online version at

 WWW.SIEMENS.COM/SUSTAINABILITY-REPORT

LIMITATIONS OF OUR ENGAGEMENT

Our engagement is exclusively limited to the German printable version of the 2012 Sustainability Report by Siemens AG. Our engagement did not include any prospective statements.

CRITERIA

We assessed the report against the criteria set out in the Sustainability Reporting Guidelines G3.0 issued by the Global Reporting Initiative (GRI). We believe that these criteria are suitable for our assurance engagement.

MANAGEMENT'S RESPONSIBILITY

The Managing Board of Siemens AG is responsible for the preparation and the content of the report in compliance with the above-mentioned criteria. This responsibility includes the design, implementation and maintenance of internal controls for the preparation of a report that is free from material misstatements, in accordance with the above mentioned criteria and based on suitable methods for gathering source data including judgments and estimates of the individual sustainability data.

OUR RESPONSIBILITY

Our responsibility is to issue an assurance report on the report based on our work performed.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with our professional duties and plan and perform the assurance engagement to obtain a limited level of assurance to preclude

that the report is not in accordance, in material respects, with the aforementioned reporting principles and criteria. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement.

During the engagement, we observed the independence requirements of the IFAC Code of Ethics for Professional Accountants.

KEY REVIEW PROCEDURES

The performance of our engagement mainly involved the following work:

- > Inquiries of employees concerning the sustainability strategy, sustainability principles and sustainability management including the stakeholder dialog of Siemens AG.
- > Inquiries of employees responsible in the central corporate sustainability department for the preparation of the Sustainability Report in order to assess the sustainability reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for a review of the Sustainability Report.
- > Inquiries of employees responsible in the corporate departments for the topics innovation, customers and portfolio, compliance, employees, occupational health and safety, environmental protection and products, suppliers and corporate citizenship to assess the data capture and compilation methods as well as internal controls to the extent relevant for the review of the Sustainability Report
- > Inspection of the relevant documentation of the systems and processes for compiling, analyzing, and aggregating sustainability data in the reporting period and testing such documentation on a sample of basis
- > Analytical measures at Group level, on the level of sectors and divisions regarding the quality of the reported data
- > Inquiries and inspection of documents on a sample basis relating to the collection and reporting of the sustainability data from the topics environmental protection and occupational safety during site visits
 - in the Energy Fossil, Industry Automation and Building Technology Divisions
 - at the Energy Fossil locations in Mülheim an der Ruhr and Charlotte (USA)
 - at the Healthcare location in Cary (USA)
 - at the Industry Automation locations in West Chicago (USA), Haguenau (France) und Suzhou (China)
 - at the Building Technology location in Zug (Switzerland)

- as well as Regional Companies in Switzerland (Zug, Compliance and employee data) and Canada (Drummondville, environmental protection and occupational safety)
- > Inquiries of employees from selected departments at the Group's headquarters, corporate departments, sectors and divisions and at the sites visited on material qualitative statements in the Sustainability Report as well as the inspection of selected underlying documents
- > Review of material qualitative statements in the Sustainability Report for plausibility and consistency

OUR CONCLUSION

Based on our procedures performed to obtain a limited level of assurance, nothing has come to our attention that causes us to believe that the information in the 2012 Sustainability Report of Siemens AG has not been prepared, in all material respects, with the aforementioned criteria.

Munich, April 19, 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Peter Nolden
Wirtschaftsprüfer
(German Public Auditor)

Nicole Richter
Wirtschaftsprüferin
(German Public Auditor)

United Nations 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	Measures
<p>Principle 1 Support of human rights</p> <p>Principle 2 Exclusion of human rights abuses</p> <p>Principle 3 Assurance of freedom of association</p> <p>Principle 4 Elimination of all forms of forced labor</p> <p>Principle 5 Abolition of child labor</p>	<p>With the Siemens Business Conduct Guidelines we have committed ourselves to observing human rights and the core labor standards. With our Code of Conduct for Siemens Suppliers we ensure that these basic rights and principles are also observed in our supply chain.</p> <p>→ COMPLIANCE, PAGE 64F. → EMPLOYEES, PAGE 48FF. → SUPPLIERS, PAGE 61FF.</p>	<p>We operate a modular, risk-based system to check that all our suppliers are adhering to our Code of Conduct for Siemens Suppliers. In the year under review, we increased the number of external sustainability audits by about 25% and more than doubled the number of supplier self-assessments. For the first time, follow-up audits were held on site to verify the agreed measures for improvement.</p> <p>→ IDENTIFYING DEVIATIONS AND IMPLEMENTING MEASURES FOR IMPROVEMENT, PAGE 61F.</p>	<p>In the year under review, we conducted 357 external sustainability audits and 153 quality audits incorporating a sustainability module among suppliers. In the external audits, we identified a total of 7,076 potential improvements: Around 30% (2,129) involved improvements in the area of "respect of basic employee rights," and 1.3% (93) in the area of "prohibition of child labor." 182 follow-up audits were also conducted. The main objections related to poor aspects of policies and processes, especially in regard to child labor.</p> <p>→ IDENTIFYING DEVIATIONS AND IMPLEMENTING MEASURES FOR IMPROVEMENT, PAGE 61F.</p>
<p>Principle 6 Elimination of discrimination</p>	<p>We do not tolerate discrimination and have anchored that in the Siemens Business Conduct Guidelines. We actively foster diversity within the Company through the Siemens Diversity Initiative.</p> <p>→ DIVERSITY IN PRACTICE, PAGE 48FF.</p>	<p>To reflect diversity across all levels in the Company, we are rolling out various focused measures, including the formation of a network of around 150 Siemens Diversity Ambassadors and our Global Leadership Organization of Women. Since the Diversity Charter was introduced in December 2010, over 14,000 employees have signed it. The success of all measures is assessed annually in the diversity scorecard.</p> <p>➤ EMPLOYEE DIVERSITY, SIEMENS ANNUAL REPORT, PAGE 107 → DIVERSITY IN PRACTICE, PAGE 48F.</p>	<p>In the year under review, women accounted for 25% of our total workforce. The proportion of women in management positions at Siemens has risen continuously in recent years and is now 15.3%.</p> <p>→ EMPLOYEES IN MANAGEMENT POSITIONS, PAGE 48 → WOMEN EMPLOYEES, PAGE 48</p>
<p>Principle 7 Precautionary approach to environmental protection</p>	<p>We have embedded our responsibility for environmental protection in our in-house environmental standard. On top of that, all our locations have an environmental management system; 295 of them have been certified according to ISO 14001.</p> <p>→ ENVIRONMENTAL PROTECTION AND PRODUCTS, PAGE 54FF.</p>	<p>In the year under review, we took extensive action in this field by rolling out our new "Serve the Environment" program and continuing the activities in our Energy Efficiency Program (EEP). As far as product-related environmental protection is concerned, the new program "Product-Eco Excellence" enables us to define environmental requirements throughout the product lifecycle.</p> <p>→ ENVIRONMENTAL PROTECTION AND PRODUCTS, PAGE 54FF.</p>	<p>Our increases in efficiency relative to fiscal 2010 were as follows in the year under review: Energy 8%, waste 6% and waste for disposal 4%.</p> <p>→ ENVIRONMENTAL PROTECTION AND PRODUCTS, PAGE 54FF.</p>

INDEX ACCORDING TO THE TEN PRINCIPLES OF THE GLOBAL COMPACT

Principle	Systems	Measures	Measures
<p>Principle 8 Specific initiatives to promote environmental protection</p>	<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.</p> <p>→ ENVIRONMENTAL PROTECTION AND PRODUCTS, PAGE 54 FF. → CORPORATE CITIZENSHIP, PAGE 64F.</p>	<p>Siemens maintains a global environmental communications network to ensure that knowledge about environmental management, methods, solutions and experiences is communicated across locations, Sectors and national borders. For instance, Division environmental officers meet several times a year. At an international level, we maintain communication at annual meetings of the Regions. We reward special commitment to environmental protection with the Siemens Environment Award, which is presented every two years.</p> <p>→ INNOVATION, PAGE 42F. → NATURE AND WILDLIFE CONSERVATION, PAGE 58</p>	<p>In the year under review, we donated around €27.1 million for corporate citizenship activities, of which €15.8 million went to education and science and €0.2 million to environmental protection activities.</p> <p>→ DONATIONS BY CATEGORY, PAGE 65</p>
<p>Principle 9 Development and diffusion of environmentally friendly technologies</p>	<p>As part of our Environmental Portfolio, we develop and market products, solutions and services that enable our customers to reduce their CO₂ emissions, lower lifecycle costs and protect the environment.</p> <p>→ THE ENVIRONMENTAL PORTFOLIO AS A KEY DRIVER OF SUSTAINABLE GROWTH, PAGE 44</p>	<p>In the year under review, we added numerous elements to the Siemens Environmental Portfolio.</p> <p>→ THE ENVIRONMENTAL PORTFOLIO AS A KEY DRIVER OF SUSTAINABLE GROWTH, PAGE 44</p>	<p>The Environmental Portfolio elements that were installed for our customers from 2002 to 2012 helped them cut their CO₂ emissions by 332 million tons in the year under review.</p> <p>→ THE ENVIRONMENTAL PORTFOLIO AS A KEY DRIVER OF SUSTAINABLE GROWTH, PAGE 44</p>
<p>Principle 10 Measures against corruption</p>	<p>The Siemens Business Conduct Guidelines are the heart of our Compliance Program.</p> <p>→ COMPLIANCE, PAGE 46F.</p>	<p>As part of One Siemens, we set four medium-term priorities in fiscal year 2011 aimed at advancing the prevention of corruption and other anti-competitive practices within the Company. Our efforts here include steps to maximize the effectiveness and efficiency of our compliance processes. We backed this up by launching the Integrity Initiative in 2009 with a budget of US\$100 million. Our goal is to support organizations and projects in the fight against corruption and fraud.</p> <p>→ COMPLIANCE, PAGE 46F.</p>	<p>The four-year mandate of the Compliance Monitor ceased in 2012. All compliance recommendations had been implemented. The Compliance Monitor's task was to verify that the Siemens Compliance Program was implemented in a sustainable manner.</p> <p>→ COMPLIANCE, PAGE 46F.</p>

Progress report on the United Nations CEO Water Mandate

Siemens became a signatory to the United Nations CEO Water Mandate in 2008. Our continuing support for the CEO Water Mandate reflects our commitment on two fronts: Firstly, managing water efficiently in our own facilities. Secondly, providing solutions that help our customers handle water and waste water more economically.

1. OUR OWN ACTIVITIES

For more information about the resource conservation and water consumption goals at Siemens locations, see section “Environmental Protection and Products” on → PAGES 54-60. We are pursuing a new approach to water resources management that was developed in 2012. At locations where there are increased water-related risks – for example, as a result of aridity, high wastewater loads, or poorly developed technical infrastructures – we define goals that are matched to local circumstances. This enables us to effectively reduce risks and negative impacts on the environment.

Our Siemens Water Technologies Business Unit specializes in the development of innovative and sustainable water treatment technologies.

WWW.WATER.SIEMENS.COM/EN

2. OUR SUPPLIERS

The environmental requirements that our suppliers must fulfill are defined in our Code of Conduct for Siemens Suppliers. The responsible use of water forms an integral part of this code. For more information on these requirements and on supply chain management, see → PAGES 61-63.

3. COMMUNITY ENGAGEMENT

As a member of various international organizations, we’re involved in numerous initiatives and programs, including the Water Project of the World Business Council for Sustainable Development. We are also sponsors of the Stockholm Water Prize, which is awarded annually at the World Water Day.

In addition, Siemens supports the SkyJuice Foundation, a humanitarian aid organization incorporated in Australia. In cooperation with the Siemens Stiftung, SkyJuice supplies Sky Hydrants™ to people living in remote regions. Siemens provides these water filtration systems at a reduced price and also takes care of the necessary servicing. We have compiled further information for you on the following website pages:

WWW.SIEMENS.COM/SR/SAFE-WATER-KIOSK

WWW.SIEMENS.COM/SR/WATER-TREATMENT

More information is also available on the SkyJuice Foundation website:

WWW.SKYJUICE.COM.AU/SKYHYDRANT.HTM

We support a variety of water-related projects through our corporate citizenship activities. Examples include the provision of water treatment systems to help the victims of natural disasters like the tsunami in Japan and the floods in Pakistan. Similarly, we have supplied water pumps, dams, water collection reservoirs and filtration systems that provide sustainable irrigation and clean water as part of the Asha project. The goal of the Asha project is to safeguard the livelihood of a village with 350 inhabitants located near the city of Mumbai in India. Read more about our activities on → PAGES 64-65 or on our website at:

WWW.SIEMENS.COM/SR/CORPORATE-CITIZENSHIP-REFERENCES

WWW.SIEMENS.COM/SR/ASHA

4. TRANSPARENCY

You will find GRI confirmation for our Sustainability Report 2012 on the next page and the corresponding index in full on our website at:

WWW.SIEMENS.COM/SR/GRI



Statement GRI Application Level Check

GRI hereby states that **SIEMENS AG** has presented its report "Siemens Sustainability Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 3 April 2013

A handwritten signature in black ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because SIEMENS AG has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 27 February 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

The detailed GRI Index is available at our Sustainability website at:

WWW.SIEMENS.COM/SR/GRI

Notes and forward-looking statements

There is no standard system that applies across companies for qualifying products and solutions for environmental and climate protection, or for compiling and calculating the respective revenues and the quantity of reduced carbon dioxide emissions attributable to such products and solutions. Accordingly, revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions may not be comparable with similar information reported by other companies. Revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions are derived from various internal reporting systems that are generally different from those applicable to the financial information presented in our Consolidated Financial Statements and are, in particular, subject to less sophisticated internal documentation as well as preparation and review requirements, including the IT systems in use and the general internal control environment. We may change our policies for recognizing revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions in the future without previous notice.

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. 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. We may also make forward-looking statements in other reports, in presentations, in material delivered to stockholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. 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 or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Key information – Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter "Risks" of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter "Report on risks and opportunities" of our most recent interim report.

Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, www.siemens.com, and throughout our most recent annual report on Form 20-F and in our 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, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures

Sustainability at our corporate website

Home

 WWW.SIEMENS.COM/SUSTAINABILITY

Sustainability at Siemens

 WWW.SIEMENS.COM/SR/SUSTAINABILITY-SIEMENS

Organization

 WWW.SIEMENS.COM/SR/ORGANIZATION

Environmental Portfolio

 WWW.SIEMENS.COM/SR/ENVIRONMENTAL-PORTFOLIO

Core topics

 WWW.SIEMENS.COM/SR/CORE-TOPICS

Reports and Rankings

 WWW.SIEMENS.COM/SR/REPORTS

Practicing sustainability

 WWW.SIEMENS.COM/SR/PRACTICING-SUSTAINABILITY

Innovation

 WWW.SIEMENS.COM/SR/INNOVATION

Customers and portfolio

 WWW.SIEMENS.COM/SR/CUSTOMERS

Compliance

 WWW.SIEMENS.COM/SR/COMPLIANCE

Environmental protection

 WWW.SIEMENS.COM/SR/ENVIRONMENTAL-PROTECTION

Safety

 WWW.SIEMENS.COM/SR/SAFETY

Health management

 WWW.SIEMENS.COM/SR/HEALTH-MANAGEMENT

Employees

 WWW.SIEMENS.COM/SR/EMPLOYEES

Suppliers

 WWW.SIEMENS.COM/SR/SUPPLIERS

Corporate citizenship

 WWW.SIEMENS.COM/SR/CORPORATE-CITIZENSHIP

Information resources

Address

Siemens AG
Wittelsbacherplatz 2
80333 Munich
Germany

Content responsibility and contact for content-related questions

Corporate Sustainability:

Stefan Reicherz
E-mail sustainability@siemens.com

Project coordination

Corporate Communications and Government Affairs:

Dr. Johannes von Karczewski

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](http://www.siemens.com/sustainability-report)

[WWW.SIEMENS.COM/NACHHALTIGKEITSBERICHT](http://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](http://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 basis. All these financial reports are available from Investor Relations at:

[WWW.SIEMENS.COM/FINANCIALREPORTS](http://www.siemens.com/financialreports)

Key to references

- REFERENCE WITHIN THE PUBLICATION
- ↗ REFERENCE TO AN EXTERNAL PUBLICATION
- 🌐 REFERENCE TO THE INTERNET

Ordering the Sustainability Report

E-mail siemens@bek-gmbh.de
Internet WWW.SIEMENS.COM/ORDER-SUSTAINABILITYREPORT
Fax +49 (0)7237-1736

Ordering the Sustainability Report Siemens employees

Intranet [HTTPS://C4BS.GSS.SIEMENS.COM](https://c4bs.gss.siemens.com)
Fax +49 (0)911 654-4271
English Order no. A19100-F-V89-X-7600
German Order no. A19100-F-V89

When placing your orders, please specify your full delivery address and Org-ID.

Legal note

Designations used in this report may be trademarks, the use of which by third parties for their own purposes could violate the rights of their owners.

Text/Design/Production

Complan Medien GmbH, Berlin – Bonn – Hamburg
hw.design GmbH, Munich
Publicis Munich – Branch of the PWW GmbH

Ecofriendly production

The Sustainability Report has been produced with particular attention to using chlorine-free bleached materials and climate-friendly production processes. In accordance with the Programme for the Endorsement of Forest Certification Schemes (PEFC), the paper used was made only from wood from controlled sources such as managed forests. The mill in which the paper was manufactured is certified in accordance with the ISO 9001, 14001 and 18001 standards. It uses only chlorine-free bleached (TCF) cellulose, which in some cases is even elemental chlorine-free (ECF).



© 2013 Siemens AG, Berlin and Munich

SIEMENS



Siemens at a glance



Order no.: A19100-F-V97-X-7600