



Moscow, October 8, 2018

Components of the effective compliance system

“Tone from the top” as important internal and external message

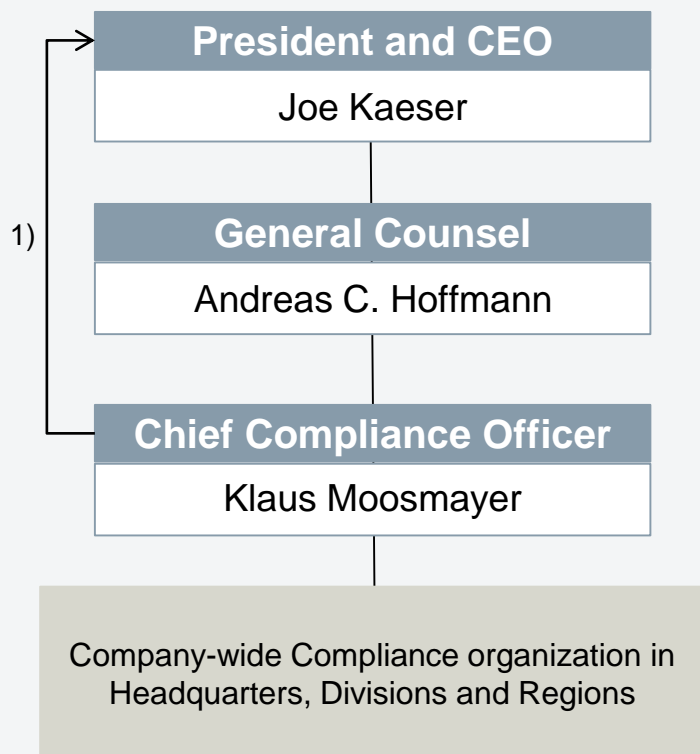
“The culture of a company and its values make the difference. People rightly associate Siemens with reliability, fairness and integrity.”

Joe Kaeser,
President and CEO of Siemens AG



The Siemens Compliance Organization – Clear roles & responsibilities

Direct connection to the CEO



1) Direct reporting line to Board of Management and Supervisory Board re compliance risks and measures.

Roles of Compliance Officers



Tasks

- Continuous communication about the importance of Compliance for Siemens
- Bundling of company-wide expertise for avoidance of corruption and other violations of fair competition, and regarding data privacy
- Governance for investigations and disciplinary response

Our Compliance System – Management responsibility is the focus

We continuously develop the Compliance System further in order to adapt it to changing requirements according to our global business.



Explicit consequences and clear reactions support the prevention of misconduct, for example to punish wrongdoing and to eliminate deficiencies

Effective preventive measures such as **risk management**, policies & procedures, training & communication enable systematic misconduct to be avoided

Effective Compliance work requires complete clarification: whistle-blowing channels "Tell us" and ombudsman, as well as professional and fair **investigations**

Compliance in global business – tasks and challenges

Employees



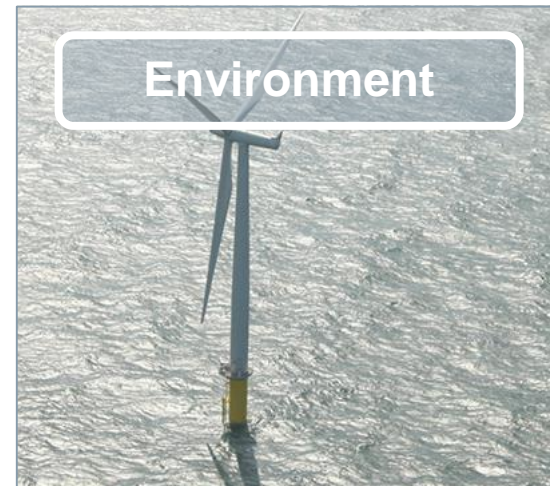
- Dissemination of knowledge about regulations and processes
 - Attitude and values lived out in practice
 - Role and role-model function of executives are decisive factors
- ▶ **Integrity dialog**

Business Partners



- Business partners as intermediaries to customers
 - Examples: sales agents, system integrators, custom agents
- ▶ **Risk-based Compliance due diligence of all business partners**

Environment



- High risk of corruption in many countries where Siemens does business
 - Countries with high annual growth also affected
- ▶ **Collective Action**

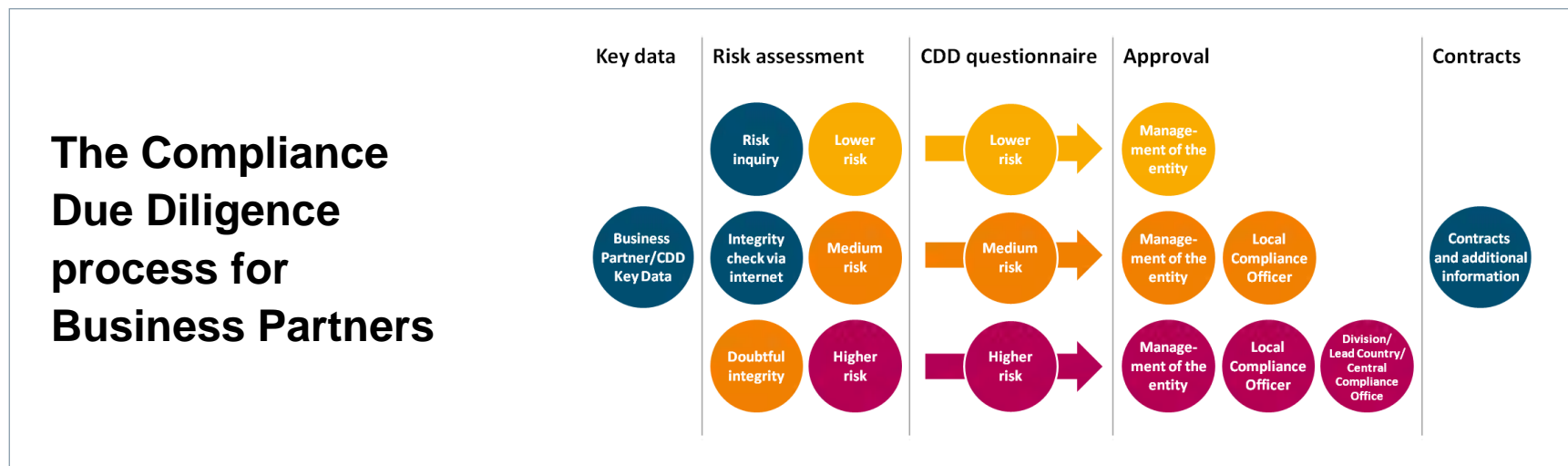
Our employees – in dialog on Compliance with their line manager

Integrity dialog in team meetings

- Objectives
 - to maintain awareness of Compliance
 - to provide a practical demonstration of management responsibility
- Managers discuss Compliance-related topics with their teams
- Contents: Risk-based selection of topics with central and local relevance
- Supported by Compliance Officer
- Global rollout during Fiscal Year 2013
- Repeated on annual basis



Business partner-related Compliance risks – uniform risk-assessment of all relationships



- All business partners with an intermediary function between Siemens and the customer must undergo a risk assessment (uniform across the company and supported by a tool).
- Based on certain risk indicators – such as, for example, the risk of corruption in the country of deployment – a risk class (higher, medium or lower risk) is defined for the business relationship, which subsequently determines further procedure (Due Diligence, requirement for approval and mandatory contract clauses).

Collective Action calls for high Compliance standards which benefit all market participants

- Fight corruption in concert with competitors and other players
- Create high compliance standards via a concept of prevention



- Integrate an independent institution for promotion and monitoring
- Define sanctions in case of violations



1) Non-Governmental Organizations such as Transparency International

We must remain vigilant and determinedly pursue any cases that arise...

Compliance investigation process



Stipulated standards

- The presumption of innocence applies, employee rights are safeguarded
- Works Council co-determination rights are protected
- Data privacy is observed

... and continue with the constant development of the Compliance System

- Compliance has **top priority**
- Compliance System to **support sustainable growth** and create a **competitive advantage**
- **Risk-based further development** of the Compliance System, in order to maintain **high standards**
- New risk based approached and tools



Thank you!



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