

# The Siemens Compliance System

Only clean business is Siemens business



The past



# The disaster struck – November 2006 headlines



## Possible scenarios

- Debarment from public tenders
- Penalties up to €10 billion
- Long-term damage to reputation and business
- Break-up of the company

# The disaster struck November 2006 headlines



## The consequences

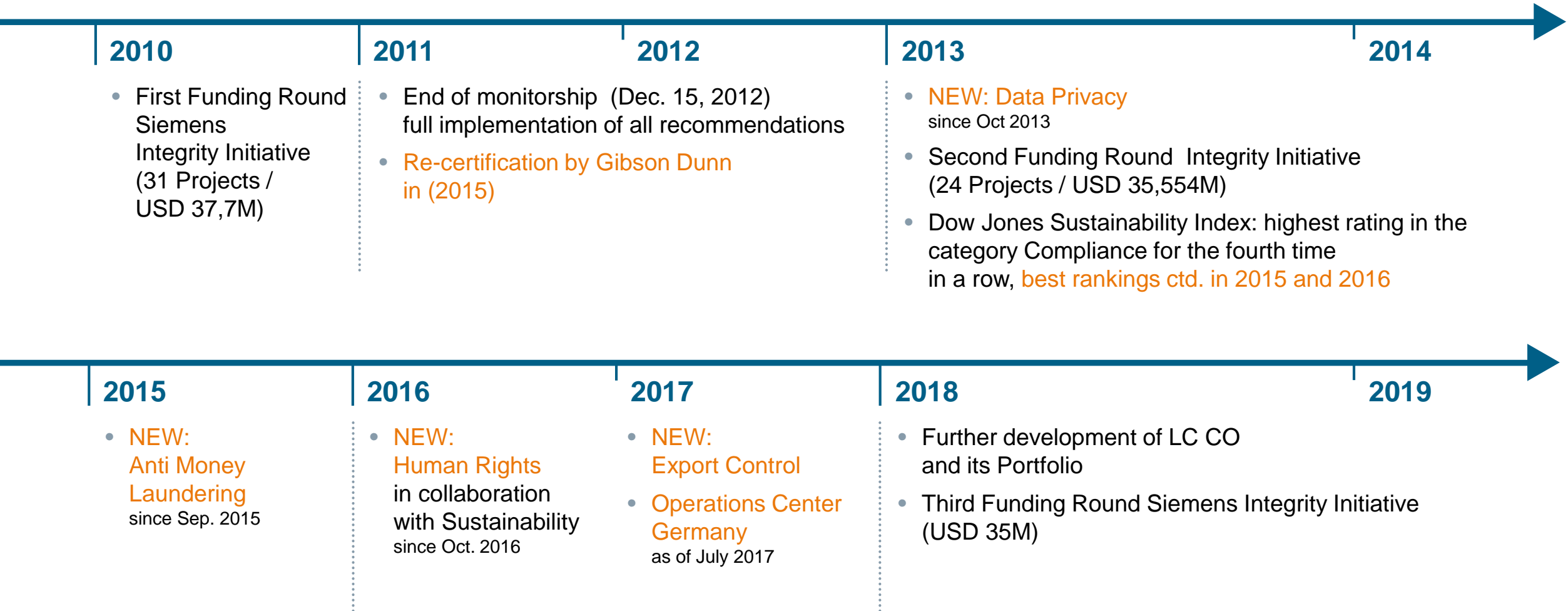
- 300,000 employees trained on line
- Reviews of 40 million bank statements, 100,000 documents and 127 million transactions
- €1.2 billion in penalties
- €900 million for external advisors in US and Germany
- Settlement was reached in record time of only two years

# Rapid reaction and implementation of our Compliance System...



Immediate actions		Implementation	Support sustainable business
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<ul style="list-style-type: none"><li>• Exchange of Leadership Team</li><li>• Tone from the top</li><li>• Independent investigation</li><li>• Centralization of bank accounts</li></ul>		<ul style="list-style-type: none"><li>• <b>Settlement with authorities in Germany and in the U.S.</b></li><li>• Compliance program</li><li>• Compliance organization</li><li>• Compliance training</li><li>• Compliance tools</li></ul>	<ul style="list-style-type: none"><li>• <b>Settlement with World Bank</b></li><li>• Continuous improvement</li><li>• Values &amp; integrity</li><li>• Collective Action</li><li>• Launch of 100M USD Siemens Integrity Initiative</li></ul>

## ... and active development and external recognition



# The Present



## Compliance is non-negotiable

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**“To be clear: Safety and compliance are the foundation of our business and non-negotiable.”**

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Joe Kaeser,  
President and CEO of Siemens AG



# Compliance Activity Fields

Anti-Corruption



Anti-trust



Data Privacy



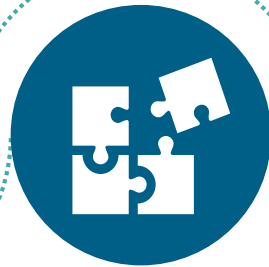
Human Rights



Anti-Money Laundering



Collective Action



Export Control



## Prevent – Detect – Respond

# Compliance Priorities

## Foster Integrity

Support business management to meet its responsibilities for compliance and further strengthen the culture of integrity in our Company and beyond.

## Committed to Business

Further intensify cooperation between the Compliance Organization and our businesses and reinforce our Compliance System's market and customer focus.

## Excellent Compliance Team

Provide an excellent compliance team through a first-class learning and development landscape and close collaboration.

## Manage Risk & Assurance

Continue providing our businesses with the appropriate level of assurance within our Compliance System.

## Effective Processes

Continue to further optimize and streamline our compliance processes.



# 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.

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

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

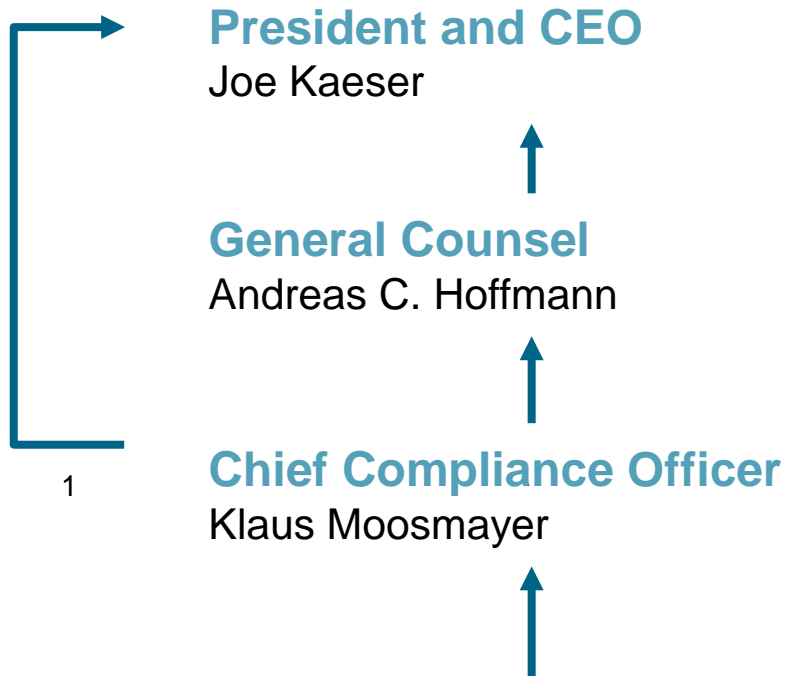


Effective Compliance work requires complete clarification: whistle-blowing channels “Tell us” and ombudsman, as well as professional and fair **investigations**

# The Siemens Compliance Organization – Global governance, local partner



## Direct connection to the CEO



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Company-wide Compliance organization in  
Headquarters, Divisions and Regions

## Roles of Compliance Officer



## Main tasks

### Anti-Corruption

The prevention of the abuse of entrusted power for private gain

### Antitrust

The preservation of market competition

### Anti-Money Laundering

The protection of Siemens from being abused for laundering money or financing terrorism

### Data Privacy

The protection of personal data

### Export Control

Comply with (inter)national export control regulations

### Human Rights

The commitment to human rights at Siemens

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

# Our employees – In dialog on Compliance with their line manager



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## Integrity dialog

- 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
  - Repeated on annual basis
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# Collective Action is building alliances against corruption in order to support fair market conditions

## Background

- Collective Action enables corruption to be fought collectively

## Goals

- Create fair and equal market conditions for all market players
- Eliminate the temptations of corruption

## Content/Priorities

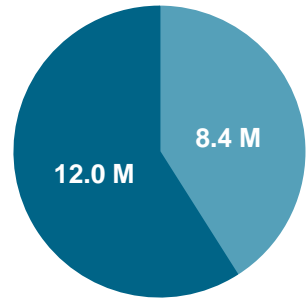
- Global implementation of legal and regulatory frameworks such as the UN Convention against Corruption (UNCAC) or the OECD Anti-Bribery convention
- Increase cooperation and encourage partnerships between public and private sector, and other stakeholders
- Increase transparency in government procurement

## Position of Siemens

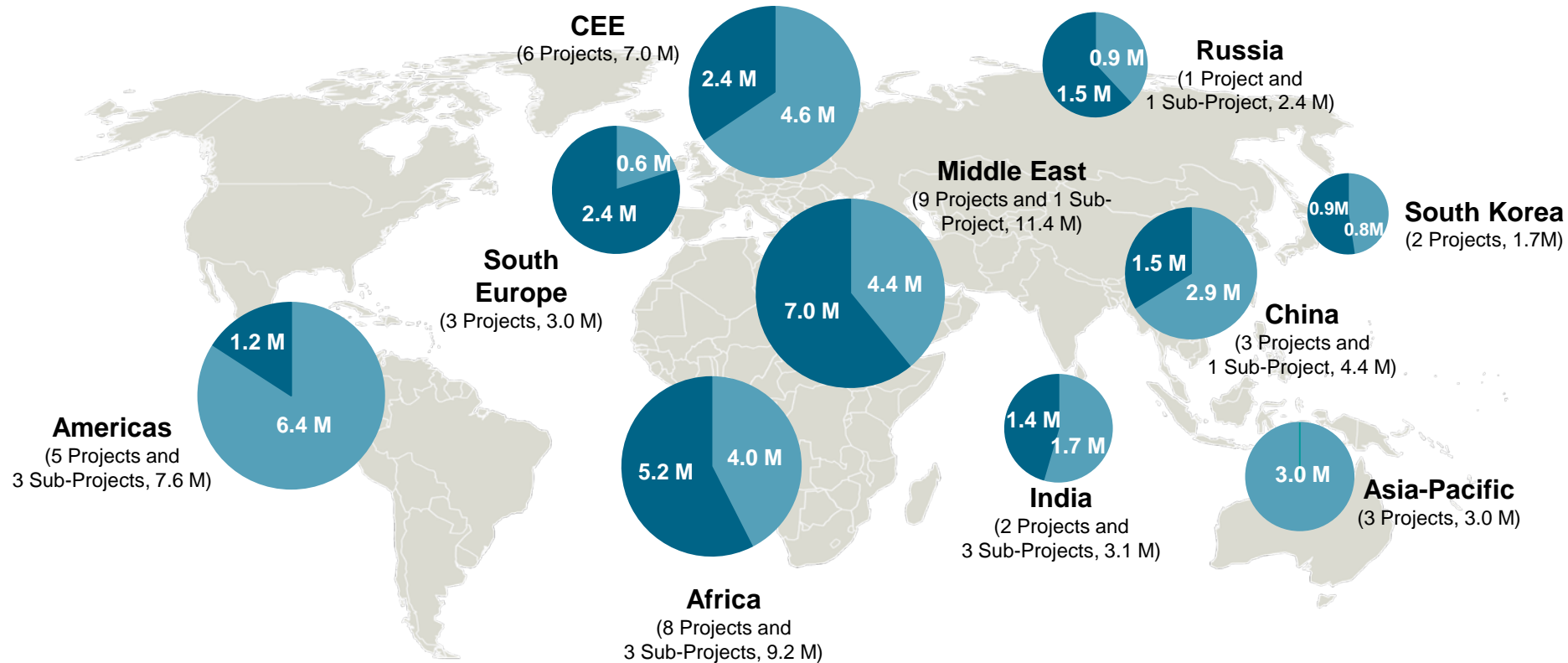
- Promote, extend and implement regional and long-term based **initiatives**
- Drive the **Siemens Integrity Initiative**<sup>1</sup> with a total funding of more than US\$ 100 million
- Actively engage in international anti-corruption initiatives such as G20/B20, OECD/BIAC and World Economic Forum
- Foster global knowledge sharing about anti-corruption and Collective Action

1 The initiative is based on the settlements with the World Bank and the European Investment Bank and supports organizations and projects that fight corruption and fraud through Collective Action, education and training

# Siemens Integrity Initiative covers all major growth regions and high-risk countries: Around 55 projects with more than USD 70 M



**Global Projects**  
(9 Projects, 20.4 M)



+ 4 Projects are divided into local Sub-Projects

Region/Country of implementation (number of project proposals)

○ Bubble size = Approximate value of funding    ■ First Funding Round    ■ Second Funding Round

Note: Schematic illustration.

Due to rounding, numbers presented may not add up precisely to the totals provided; Status: Sept 10, 2015 (unchanged from March 2017)

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## ... 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**
- **High rating** and **recognition** of our Compliance System in the annual assessments for the Dow Jones Sustainability Index: Highest rating in the Compliance category for the 6<sup>th</sup> time in a row



# Contact

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Thank  
You

