



SIEMENS



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Implementation of Compliance System at Siemens: Practical aspects of business integrity

Ukrainian Network of Integrity and Compliance/ Business Ombudsman Council Initiative/19 May 2017/ Kyiv Ukraine

Rapid reaction and implementation of our Compliance System, plus further development

Immediate actions

2006-2007

- Exchange of Leadership Team
- Tone from the top
- Independent investigation
- Centralization of bank accounts

Implementation

2008

- **Settlement with authorities in Germany and in the U.S.**
- Compliance program
- Compliance organization
- Compliance training
- Compliance tools

Support sustainable business

2009

- **Settlement with World Bank**
- Continuous improvement
- Values & integrity
- Collective Action

Active development of Compliance System/external recognition

2010-2012

- First funding round Integrity Initiative
- End of monitorship (Dec. 15, 2012); full implementation of all recommendations

2013

- Start “Integrity Dialog”
- Second funding round Integrity Initiative
- **Dow Jones Sustainability Index: Highest rating in the category Compliance for 5th time in a row**

- External Compliance review and certification by law firm “Gibson Dunn” (2015)

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**

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

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 Initiative¹** 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

A chapter is closed – but the fight against corruption is never over



- 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 5th time in a row

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.

Manage Risk & Assurance

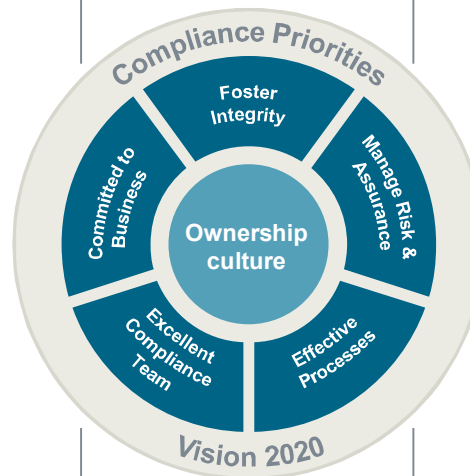
Continue providing our businesses with the appropriate level of assurance within our Compliance System.

Excellent Compliance Team

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

Effective Processes

Continue to further optimize and streamline our compliance processes.



The lived ownership culture of our company makes the difference



“The lived ownership culture of our company makes the difference. People rightly associate Siemens with reliability, fairness and integrity.”

Joe Kaeser,
President and CEO of Siemens AG