

## **Business Conduct Guidelines**

Integrity guides our conduct toward our business partners, colleagues, shareholders and the general public.

This basic statement of our Corporate Principles constitutes the foundation of the Business Conduct Guidelines. Both our strategic considerations and our day-to-day business must always be based on high ethical and legal standards.

To a substantial degree, our Company's public image is determined by our actions and by the way each and every one of us presents and conducts himself or herself. We all share the responsibility for having our Company meet its corporate social responsibility worldwide.

The Business Conduct Guidelines are globally binding rules applicable to every employee. They shall help us meet ethical and legal challenges in our day-to-day work. Any employee who has questions and comments may contact his or her superior or another office designated for that purpose.

Dr. Klaus Kleinfeld  
President and Chief Executive Officer

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## **A. Basic Behavioral Requirements**

### **A.1. Behavior which Abides by the Law**

Observance of the law and the legal system is a fundamental principle for our Company. Every employee shall obey the laws and regulations of the legal systems within which they are acting. Violating the law must be avoided under all circumstances, especially violations punishable by jail, monetary penalties, or fines.

Regardless of the sanctions foreseen by the law, any employee guilty of a violation will be liable to disciplinary consequences because of the violation of his/her employment duties.

### **A.2. Responsibility for the Image of Siemens**

To a substantial degree, the image of Siemens is determined by our actions and by the way each and every one of us presents and conducts himself/herself. Inappropriate behavior on the part of even a single employee can cause the Company considerable damage.

Every employee should be concerned with the good reputation of Siemens in each country. In all aspects of performing his/her job, every employee must focus on maintaining the good reputation of, and respect for, the Company.

### **A.3. Mutual Respect, Honesty, and Integrity**

We respect the personal dignity, privacy, and personal rights of every individual. We work together with women and men of various nationalities, cultures, religions, and races. We tolerate no discrimination and no harassment or offence, be it sexual or otherwise personal.

We are open and honest and stand by our responsibility. We are reliable partners who make no promises we cannot keep.

These principles shall apply to both, internal cooperation and conduct towards external partners.

#### **A.4. Management, Responsibility, and Supervision**

Every manager bears responsibility for the employees entrusted to him/ her. Every manager must earn their respect by exemplary personal behavior, performance, openness, and social competence. He/ she shall set clear, ambitious, and realistic goals, lead by trust and confidence and leave the employees as much individual responsibility and leeway as possible. Every manager shall also be accessible in case employees wish to discuss a professional or personal problem.

Every manager must fulfill duties of organization and supervision.

It will be the responsibility of every manager to see to it that there is no violation of laws within his/her area of responsibility which proper supervision could have prevented or rendered more difficult. The manager still remains responsible, if he/she delegates particular tasks.

The following shall apply in particular:

1. The manager must carefully select the employees for their personal and professional qualifications. The duty of care increases with the importance of the obligation to be entrusted to the employee (duty of selection).
2. The manager must formulate the obligations in a precise, complete, and binding manner, especially with a view to compliance with provisions of the law (duty of instruction).
3. The manager must see to it that compliance with provisions of the law is monitored on a constant basis (duty of monitoring).
4. The manager must clearly communicate to the employees that violations of the law are disapproved of and will have employment consequences.

#### **B. Treatment of Business Partners and Third Parties**

##### **B.1. Abiding by Fair Competition and Anti-Trust Legislation**

Only fair competition enjoys the right of developing freely. The principle of integrity also applies to the battle for market shares.

Every employee is obligated to abide by the rules of fair competition.

Anti-trust evaluation can be difficult in individual cases. However, some types of behavior regularly constitute a violation of anti-trust legislation:

For instance, employees and competitors may not have talks in which prices or capacities are arranged. It is also inadmissible to enter into an agreement not to compete with a competitor; to submit bogus offers for bidding; or to divide up customers, territories, or production programs.

Our employees must have no influence upon the resale prices charged by our purchasers, nor may they attempt to put through export or import prohibitions.

## **B.2. Offering and Granting Advantages**

We battle for orders with the quality and the price of our innovative products and services.

No employee may directly or indirectly offer or grant unjustified advantages to others in connection with business dealings, neither in monetary form nor as some other advantage.

Client gifts to business partner employees must be selected so as to avoid appearance of bad faith or impropriety in the mind of the recipient. In cases of doubt, the recipient should be asked to obtain prior permission for the gift from his/her supervisor. If the recipient balks at this request, this means that this person himself/ herself considers the gift to be improper.

Gifts must not be made to public officials or other civil servants.

Employees concluding contracts with consultants, intermediaries, agents, or comparable third parties must see to it that these also offer or grant no unjustified advantages.

## **B.3. Demanding and Accepting Advantages**

No employee may use his/her job title to demand, accept, obtain, or be promised advantages. This does not apply to the acceptance of occasional gifts of insignificant value, but any other gifts must be refused or returned.

## **B.4. Special Rules for Awarding Contracts**

Any bidder for a contract expects us to examine his/her bid fairly and without prejudice. Employees whose work involves the awarding of contracts must particularly abide by the following rules:

- The employee must inform his/her supervisor of any personal interest he/she could possibly have in connection with the execution of his/her professional duties.
- There must be no unfair discrimination for or against any suppliers in their competition for contracts.
- Invitations from business partners may only be accepted if the occasion and scope of the invitation are appropriate and if refusing the invitation would be discourteous.
- Gifts from business partners must be refused and returned unless they are occasional gifts of insignificant value.
- No employee may have private contracts fulfilled by companies with which he/she has company business dealings if he/she could derive any advantage therefrom. This is particularly applicable if the employee exercises or is capable of exercising a direct or indirect influence upon having that company receive a contract from Siemens Aktiengesellschaft or one of its subsidiaries.

## **B.5. Donations**

As a Corporate Citizen, Siemens makes monetary or product donations for education and science, art and culture, and public welfare. Our offices receive requests for donations from the most varied of organizations, institutions, and associations. The following rules apply to granting donations:

- Applications for donations submitted by individuals are to be rejected in principle.
- Payments to private accounts are inadmissible.
- In no case may the grant be made to any person or organization that would damage our reputation.
- The donation must be transparent. The recipient of the donation and the recipient's actual use thereof must be known. One must at any time be able to justify the reason for the donation and its use for the purpose served thereby.
- The donations should be tax-deductible.

Quasi-donations are prohibited as violating the principles of transparency. Quasidonations are grants which are intended to look like compensation for a particular performance. However, the compensation is substantially greater than the value of the performance. At least in part, it is thus a matter of a grant for other purposes.

## **C. Avoiding Conflicts of Interest**

The Company considers it important to prevent its employees from succumbing to conflicts of interest or of loyalty in their professional activities. Such conflicts can come about if an employee is active on behalf of, or has interests in, another company. The following rules thus apply for all of us.

### **C.1. Prohibition of Competition**

It shall be prohibited to operate a company which competes in whole or in part with Siemens Aktiengesellschaft or any of its subsidiaries.

### **C.2. Interests Held in Companies Not Quoted on the Stock Exchange**

It is not permitted to hold direct or indirect interests in a competing company not listed on the stock exchange which competes in whole or in part with Siemens Aktiengesellschaft or any of its subsidiaries.

Prior permission in writing is required to hold the following interests:

- in companies which are business partners of Siemens Aktiengesellschaft or one of its subsidiaries;
- in companies in which Siemens Aktiengesellschaft directly or indirectly holds voting rights of more than 20%;
- in companies for which capital is directly or indirectly made available by Siemens Aktiengesellschaft.

Permission will be granted by the appropriate member of top management and documented in the personnel file.

Permission shall be withheld or withdrawn if the employee has business dealings with regard to the company in question. The same shall apply if the employee is able to influence the business policy of Siemens Aktiengesellschaft or any of its subsidiaries with regard to this company.

Any interests held by members of an employee's immediate family in a competing company or another of the above described companies must be communicated to the Personnel Department in writing and documented in the personnel file, insofar as the employee is aware of them.

### **C.3. Sideline Work**

Anyone who intends to begin paid sideline activities must inform his/her immediate superior beforehand in writing. Permission for such activities may be denied if it leads to a decrease in work performance, contradicts the employee's duties within the Company, or threatens to present a conflict of interest. Exceptions are occasional writing activities, lectures, and comparable occasional activities.

### **D. Handling of Company Property**

The devices and equipment in offices and workshops (such as telephones, copying machines, PCs, software, Internet/Intranet, machines, tools) are to be used only for company business. Exceptions, and payment if applicable, can be agreed upon locally. In no case may any information be retrieved or transmitted which incites racial hatred, glorification of violence, or other criminal acts, or contains material which is sexually offensive within the respective cultural background.

No employee shall be permitted without the consent of his/her superior to make records, databases, video and audio recordings, or reproductions unless this is directly due to company business.

## **E. Handling of Information**

### **E.1. Records and Reports**

Open and effective cooperation requires accurate and truthful reporting. This applies equally to the relationship with investors, employees, customers, and business partners, as well as with the public and all governmental offices.

Any records and reports produced internally or distributed externally must be accurate and truthful. According to proper bookkeeping principles, data and other records must always be complete, correct, and appropriate in terms of time and system. The requirement of truthful statements applies to expense accounts as well.

### **E.2. Confidentiality**

Confidentiality must be maintained with regard to internal corporate matters which have not been made known to the public. As an example, this includes details concerning the Company's organization and equipment, as well as matters of business, manufacturing, research and development, and internal reporting figures.

The obligation to maintain confidentiality shall extend beyond the termination of the employment relationship.

### **E.3. Data Protection and Data Security**

Access to the Intranet and Internet, worldwide electronic information exchange and dialogue, electronic business dealings—these are crucial requirements for the effectiveness of each and every one of us, and for the success of the business as a whole. However, the advantages of electronic communication are tied to risks in terms of personal privacy protection and data security. Effective foresight with regard to these risks is an important component of IT management, the leadership function, and also the behavior of each individual.

Personal data may only be collected, processed, or used insofar as this is necessary for pre-determined, clear, and legitimate purposes. High standards must be ensured with regard to data quality and in technical protection against unauthorized access. The use of the data must be transparent for those concerned; and the rights of the latter must be safeguarded with regards to information and correction and, if applicable, to objection, blocking, and deletion.

#### **E.4. Insider Trading Rules**

People who have insider information with regard to Siemens Aktiengesellschaft or some other company are not allowed to deal in these companies' securities, whether listed on the stock exchange or in free trade. Insider information means any information which is not public knowledge and which can be used to influence an investor's decision to purchase, sell, or keep a security.

In order to avoid even the appearance of a violation of the insider trading rules, the members of the uppermost management level may generally effect no transactions in Siemens securities in the time from two weeks prior to the end of a quarter until two days subsequent to publication of quarterly results, and in the time from two weeks before the end of a fiscal year until two days subsequent to publication of the results of the fiscal year just ended. The same applies to employees of Siemens whose activities or function gives them access to financial results not yet published.

Insider information must not be transmitted without authorization to persons outside Siemens (e.g. to journalists, financial analysts, customers, consultants, family members, or friends). Even within Siemens, such information may only be transmitted if the recipient truly needs it in order to perform his/her job. Furthermore, one must always make sure that insider-relevant knowledge is so secured or kept under lock and key that unauthorized persons cannot gain access to it.

Persons who have insider information are also not allowed to give investment tips to third parties.

In addition, the following is to be noted:

Managers can be held personally liable for damages if an employee violates insider trading rules and if proper supervision could have prevented such violation.

## **F. Environment, Safety, and Health**

### **F.1. Environment and Technical Safety**

Protecting the environment and conserving its resources are high-priority targets for our Company. A worldwide environmental management ensures observation of the law and sets high standards for this purpose. Already at the product development stage, environmentally friendly design, technical safety, and health protection must be fixed targets.

Every employee in his/her job must contribute to an exemplary performance in this field.

### **F.2. Work Safety**

Responsibility vis-à-vis employees and colleagues requires the best possible accident prevention measures. This applies both to the technical planning of workplaces, equipment, and processes and to safety management and personal behavior in the everyday workplace. The work environment must conform to the requirements of health oriented design.

Every employee must constantly be attentive to safety.

## **G. Complaints and Comments**

Any employee may lodge a personal complaint with his/her supervisor, the Personnel Manager, or some other person/unit designated for this purpose or with an existing internal works council, or indicate circumstances which point to a violation of the Business Conduct Guidelines. The matter will be investigated thoroughly. The corresponding measures will be implemented if appropriate. All documentation will be kept confidential. No reprisal of any kind will be tolerated.

Employees should exhaust the internal possibilities of mediation.

## **H. Implementation and Controlling**

The management of Siemens Aktiengesellschaft, its Groups, and its subsidiaries throughout the world shall actively foster the widespread distribution of the Business Conduct Guidelines and see to it that they are implemented permanently.

Compliance with the law and observance of the Business Conduct Guidelines shall be monitored worldwide in all Siemens' companies on a regular basis. This shall be done in accordance with the national procedures and legal provisions in question.

In order to ensure a fair and corruption-free competitive conduct, Compliance Officers are specially designated at the level of Siemens Aktiengesellschaft and subsidiaries as well as at the level of the Groups.

## **Appendix**

### **Conventions and Recommendations of international organizations**

Besides the laws and regulations in each country there is a number of Conventions and Recommendations from international organizations. They are primarily addressed to Member States and not directly to companies. Nonetheless, they are important guidelines for the conduct of multinational companies and their employees. Siemens therefore emphasizes the importance of being globally in accordance with these guidelines. Siemens also expects this from its suppliers and business partners.

Hereafter we list the most relevant Conventions of this kind:

- Universal Declaration of Human Rights, UNO 1948, and European Convention for the Protection of Human Rights and Fundamental Freedoms, 1950;
- ILO (International Labour Organisation) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, 1997 and ILO Declaration on Fundamental Principles and Rights at work, 1998 (specially with following issues:  
elimination of child labor, abolishment of forced labor, prohibition of discrimination, freedom of association and right to collective bargaining);
- OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises, 2000;
- "Agenda 21" on sustainable development (final document of the basic UN-conference on environment and development, Rio de Janeiro 1992).