선배님, Siemens 리포트 온라인으로 확인하다가, 2000년도부터 Corporate Citizenship Report가 나와있는 것을 보고서 2000부터 2002까지 다운 받고, CEO msg도 첨부합니다.

Siemens 2000과 2001년도 Copy-paste가 안되서 타이핑했습니다.

--------------------------------------------------------------------------------------------------- Siemens 2000

Dear Readers,

This Corporate Citizenship Report, which describes our activities and impact in society, represents a third element in our financial and environmental reporting. In publishing this report, we are underscoring our view that business success and social commitment go hand in hand and – in the age of globalization – are closely intertwined. The report, which is appearing worldwide in German and English, also details all the measures and activities with which we support our employees.

Since its establishment in 1847, Siemens has been interested in and committed to the welfare of its people and of society as a whole. Our company’s founder, Werner von Siemens, set up social insurance funds for his workforce, maintained a dialogue with the scientific and scholarly community and played an active role in governmental committees. The social commitment of the company, its employees and the descendants of its founder now rests upon a broad foundation. Our activities are correspondingly extensive and diverse.

We see ourselves as a corporate citizen, a member of society in all 190 countries where we do business - that is, in practically every part of the world. In the course of our activities, we encounter a great variety of challenges and expectations regarding business, society and the environment in the United States, for example, the issues and responsibilities are different from those in Germany, in South Africa they are different from those in China, in Russia they are different from those in Brazil, and in Turkey they are different from those in Australia.

Nonetheless, the concrete projects that we implement at the local level are in line with certain general priorities. These include enhancing the knowledge of our employees and support for students at schools and universities. Our educational efforts encompass our extensive *Youth and Knowledge* program in Germany and other European countries, the sponsorship of highly talented students in the U.S. and the endowment of fellowships in many countries around the world. Likewise, promoting the arts and culture and providing rapid, unbureaucratic aid to the victims of natural disasters have always been of special importance to us.

As a special topic, this year’s Corporate Citizenship Report also describes our role as a cofounder of the Remembrance, Responsibility and the Future initiative, the joint program of German business and the German state to assist former forced laborers. This commitment takes its place alongside the company’s other activities since 1945, acknowledging its moral responsibility for its own as well as Germany’s history.

As a global network of innovation, Siemens is a part of society – as a successful company, as an active and influential voice in environmental matters and as a neighbor in the global community. In the Annual Report, the emphasis is on business success, company strategies, corporate messages and company image. In the Environmental Report, the focus is on environmental friendly technologies and sustainability. The Corporate Citizenship Report provides details of our social activities and the commitments we are making to a more humane world. All three aspects from the basis of our thoughts and actions. They go together, they are interrelated and they are connected by the technical solutions and the knowledge of our 450,000 employees around the world. This is the basis on which we build when we set out to successfully promote social progress. Our goal is to increase the value of our company in a continuous and sustainable manner. Yet the aim automatically leads to another: we want to help shape social development and assume responsibility in a society whose progress and integrative power bring benefits to all.

Dr. Heinrich v. Pierer

President and Chief Executive officer

--------------------------------------------------------------------------------------------------- Siemens 2001

In December 2000, we published our first Corporate Citizenship Report. Reader response was highly favorable. The aim of the Report was to extend our dialogue with all our stakeholders – our customers, our suppliers, our employees and the general public – by explaining the steps we are taking in community initiatives around the world. Our Corporate Citizenship Report 2001 is continuing this dialogue in a more expanded form.

2001 has been a year of extraordinary upheaval in the general conditions underlying business activity. To industry-specific and global economic turmoil has now been added the threat of global terrorism. Of course, we cannot foresee all the difficulties that will confront us in the near future. But one thing is certain. In a time of such wide-ranging challenges, dialogue with society and responsible corporate citizenship are more vital than ever before.

In the words of our Corporate Principles, “Our knowledge and our solutions help create a better world.” And we are convinced that every company – as an integral part of society – has a corresponding obligation to contribute to the common good. At Siemens, this perspective and the commitment it entails were already embodied over 150 years ago in the life and work of our company’s founder, Werner von Siemens.

Today, we are fulfilling our social responsibilities in a variety of ways. We train some 13,000 young people every year and provide all our employees with opportunities for acquiring additional qualifications – thus helping to ensure their employability both now and in the future. Life-long learning and its prerequisites are integral parts of our training concept. Our extensive activities to support elementary, secondary and university education worldwide are part of the same vision.

We are equally committed to promoting culture and the fine arts. For decades, Siemens has been a distinguished sponsor of museums, exhibitions and cultural events as well as of individual artists. Our Siemens Arts Program focuses on the development of new art forms. In addition to our contributions to the arts, we also help supply people’s material needs. For example, we provide quick and unbureaucratic assistance in situations where help is urgently required: in natural disasters, in the battle against want, poverty and deprivation and, especially, in improving the lives of disadvantaged children. We also encourage our employees to participate in community projects. For instance, the effective relief efforts is that we organized during the recent cold wave in Mongolia and following last year’s earthquake in India would not have been possible without the assistance of large numbers of Siemens volunteers. In the wake of the terrorist attacks in the U.S. on September 11, 2001, we established a special organization, the Siemens Caring Hands Foundation, to enable the company and its employees to channel assistance to the victims and their families.

Of course, we feel a special responsibility to ensure the welfare of the people who work for Siemens worldwide. Here we focus on issues like occupational safety and health care. We provide facilities for a variety of sports and leisure activities and assist the families of employees in dealing with day-to-day problems. Employee pensions and asset formation are also important concerns. The international composition of our workforce and the multitude of talents, cultural backgrounds and perspectives possessed by our employees are valuable sources of idea and creativity that we nourish and protect.

Integrity is the basis of all our actions – of our dealings with our business partners, our shareholders, the general public and employees. This maxim, also expressed in our Corporate Principles, is embodied in our Business Conduct Guidelines, the rules that govern our economic behavior. In our strategic planning and in our daily business, we aim to meet the same high ethical and legal standards that we expect others to observe in their dealings with us. For this reason, the Business Conduct Guidelines are binding on all Siemens employees worldwide. In addition to honesty and integrity, they mandate among other things, mutual respect, obedience to the law and compliance with anti-trust regulations.

Corporation citizenship is a key aspect of the concept of sustainability – a major area of political concern ever since the UN environmental summit in Rio de Janeiro in 1992. By sustainability, we understand the obligation to ensure that present and future generations continue to have access to the same basic prerequisites for productive and meaningful existence. It is also in our interest to safeguard Siemens’ long-term existence as a successful business enterprise. This, in turn, requires a balance between economic, social and environmental goals. Siemens is committed to the principle of sustainability and molds its actions to meet all three criteria for sustainable development. In recognition of our success in this area, the company has been listed on the Dow Jones Sustainability Index for the last two years.

I hope that our Corporate Citizenship Report will provide you with a better insight into our company. Please don’t hesitate to contact us. Your ideas and suggestions will help us improve.

Dr. Heinrich v. Pierer

President and CEO of Siemens AG

----------------------------------------------------------------------------------- Supplementary information

As a global company, Siemens prides itself on combining business success with environmental awareness and social responsibility.

--------------------------------------------------------------------------------------------------- Siemens 2002

Dear Reader,

Our first Corporate Responsibility Report marks an important milestone in the history of reporting at Siemens. Building on the previous Environmental and Corporate Citizenship reports, this publication is our first to link these issues to business topics, re- sulting in a comprehensive new report reflecting our understand- ing of corporate responsibility. This encompasses a commitment to business excellence, environmental stewardship, and corporate

citizenship – core values that shaped the life’s work of our founder, Werner von Siemens, and have been embraced by every subsequent generation in our company.

Today, governments, investors, customers, employees and the general public are devoting increasing attention to issues like cor- porate governance, responsibility and integrity. We are convinced that an open dialogue about our long-term business strategy is more essential than ever for strengthening public trust and build- ing our market leadership. At Siemens, we are committed to the highest ethical standards, and we are working to improve the daily lives of people around the world.

Siemens’ Corporate Principles and our Business Conduct Guide - lines describe the basic values that govern our actions worldwide. The guidelines, which are binding for all Siemens employees, man- date honesty, integrity, and full compliance with human rights and the law wherever the company operates.

Our ongoing stream of groundbreaking innovations to the ben- efit of society and the environment is the source of our sustainable business success, and we are committed to building on this tradi- tion. The company’s substantial investments in R&D enable it to offer a broad portfolio of technologies that provide both economic value and environmentally benign, resource - conserving, cutting- edge solutions to the customers and communities we serve.

As an infrastructure provider, Siemens plays a major role in scores of countries around the globe. In addition to providing in- novations and solutions, the company contributes to local econo - mies every day by promoting technology transfer and cooperating closely with local partners, customers and suppliers, who benefit from access to our knowledge and experience.

Vocational training and continuing education programs for our people are another pillar of our long-term business strategy. Not only do well-trained and highly qualified employees have better career opportunities; they also ensure the company’s status as an innovation leader. Working individually or in teams, their ideas

and creativity play a vital role in improving living conditions and promoting development around the world.

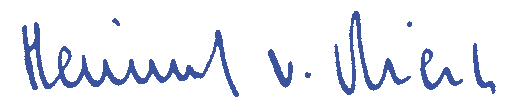
Out of a commitment to good corporate citizenship, we not only strive to promote education and to enable people in less developed countries to benefit from our technological expertise, we also

help those in need, such as the victims of the floods that struck the Czech Republic, Austria and Germany in the summer of 2002. We are proud that our support of educational initiatives, the arts, cultural events, and numerous employee volunteer programs meet with broad public respect and recognition.

We hope the strategies and examples highlighted in our Corpo - rate Responsibility Report will give you new insight into the many ways Siemens is working not just to safeguard the future of the company, but to improve lives in the communities in which we are a respected neighbor. We want to go beyond the scope of our An- nual Report to inform the public about our commitment to corpo -

rate responsibility. As part of our effort to engage in open dialogue with all stakeholders, we encourage you to contact us with your comments, suggestions and ideas for improvement.

We are convinced that sustainable business success is not based on solid quarterly or annual profits alone. Sustainable success re - quires more. And this “more” – which Siemens has stood for since its founding – is the focus of our Corporate Responsibility Report.



Dr. Heinrich v. Pierer,

President and Chief Executive Officer, Siemens AG

-----------------------------------------------------------------------------------Supplementary Information

”An open dialogue strengthens public trust in our company.“

”Sustainable business success is not only based on solid quarterly profits, but also on long-term orientation.“

--------------------------------------------------------------------------------------------------- Siemens 2003

Dear reader,

The difficult global economic environment has affected our markets, leading to painful cuts in parts of our company and making a reduction in our headcount necessary. At times like these, questions of corporate responsibility tend to be raised with greater frequency than usual, and the answers we give are viewed more critically.

Even so, there are a number of constants in our corporate culture that are timeless. First, we remain true to our principle of not choosing short-term courses of action that could cost us our future. This is why, in spite of the hardships involved, we are unable to maintain surplus

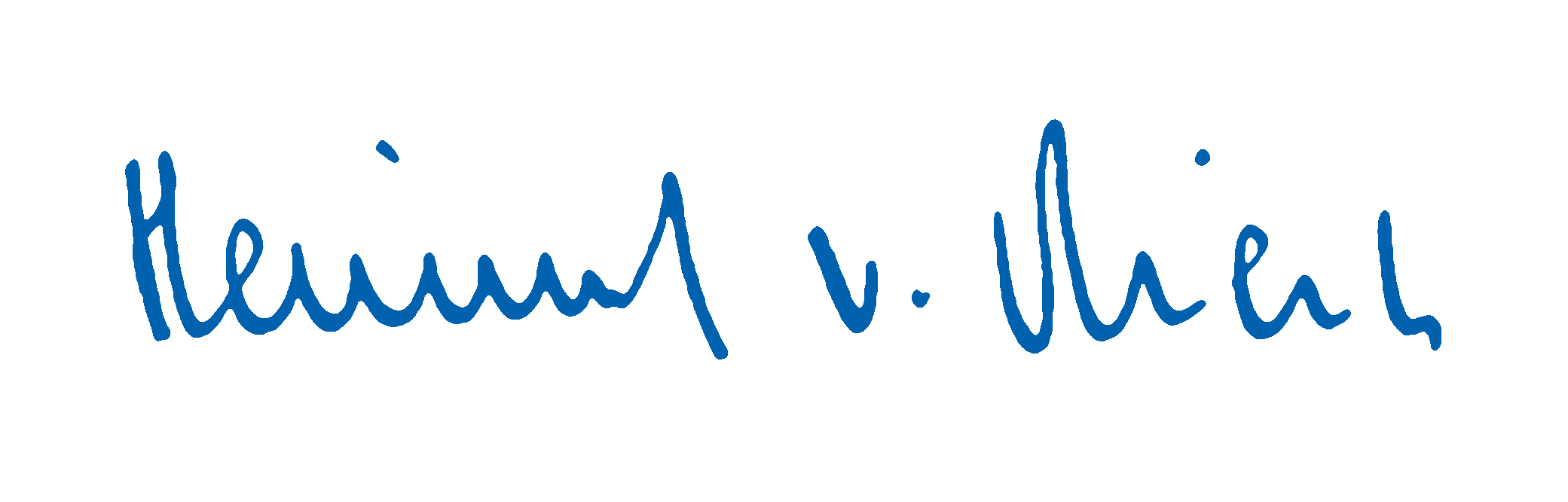
capacity when all reliable assessments of future market growth indicate no promise of a return to high demand.

Second, future -focused action calls for continuous investment in research and development, in new products and solutions, and in im- proved processes – one issue that we address in detail in this report. Our company generates more than 70 percent of its sales with products that are less than five years old. If we are to continue to be successful

in our markets five years from now and beyond, it is essential that we maintain a high level of research and development activity. To do less would be irresponsible as it could undermine the basis for our compa- ny’s success and put jobs at risk.

Third, crucial to our perception of ourselves as a company is our ability to balance business success and benefits for society – benefits from the contributions made by our technologies and innovations to - ward meeting the world’s challenges; benefits through education, train- ing, knowledge transfer, and partnerships with schools and universities in many of the world’s countries; and benefits through our citizenship activities in the social and cultural spheres.

This is what this report is about. At the end of the day, it is also an invitation to you, the reader, to engage in a dialogue with us.



Dr. Heinrich v. Pierer

President and Chief Executive Officer, Siemens AG

----------------------------------------------------------------------------------- Supplementary Information

It is our principle not to choose short-term courses of action that could cost us our future.

--------------------------------------------------------------------------------------------------- Siemens 2004

Dear shareholders,

Our figures for fiscal 2004 prove we were right:

■ New orders climbed eight percent to €80.8 billion and sales one percent to

€75.2 billion. Adjusted for consolidation and currency effects, orders were up nine percent and sales three percent.

■ Net income totaled €3.4 billion, compared to €2.4 billion in fiscal 2003.

Excluding a gain on a sale of shares of Infineon and other non-recurring effects, net income increased 23 percent.

Cash flow development, which has been positive in each of the past four years, was again very gratifying. Net cash from operating and investing activities totaled €3.3 billion. Our managers have learned the art of professional asset management. Strong cash flow is giving us the entrepreneurial leeway we need for targeted strategic moves.

Our Groups can currently be divided into four categories:

■ Automation and Drives, Medical Solutions, Power Generation, Osram, Siemens VDO Automotive, Siemens Financial Services and now also Power Transmission and Distribution are in the first category. These Groups have met or exceeded the margin targets agreed upon with the Managing Board, proving that sustainable success can be achieved by utilizing all the tools of our top+ management system.

■ The second category comprises Siemens Building Technologies, Industrial Solutions and Services, and Logistics and Assembly Systems. These Groups have not yet met their performance targets. However, they have overcome earlier difficulties and are now on track.

■ The Groups in our Information and Communications business area – the third category – have weathered the structural crisis that erupted in 2001. They are now working to achieve long-term stability and profitability. Two Groups, IC Networks and IC Mobile, were combined on October 1, 2004 to form the new Communications Group, which offers a complete range of information and communications technologies in the areas of wireless and wireline networks, devices and services.

■ Transportation Systems is in the fourth category. After rebounding in the last few years, our railway systems business slipped back into the red in fiscal

2004. This was largely due to flaws in our Combino low-floor trams and the related provisions. However, the problems are now contained and will rapidly be solved.

**“Go for Profit and Growth” to continue in 2005**

At the Siemens Business Conference in Berlin at the beginning of October, the Company’s top managers worldwide pledged to “Go for Profit and Growth” again in 2005. The Group margin targets set in December 2000 were left unchanged.

To further improve overall earnings, our weak Groups must intensively employ all the levers in our management system in order to approach their mar- gin targets and achieve steady, sustainable progress. In particular, we are focus- ing on solving project-related problems at Transportation Systems and position- ing the new Communications Group and Siemens Business Services for future success. Our strong Groups – which have shown how to optimize processes, achieve profitable growth through innovation and engender customer loyalty – cannot rest on their laurels. These Groups, too, will have to further strengthen their market positions.

Our regional units are under a special obligation to grow their businesses. This applies, in particular, to our new regional organization in Germany, into which we funneled our Groups’ domestic sales and service activities at the begin- ning of fiscal 2005. The new organization will leverage its country-wide presence and customer proximity to expand its business.

We are also driving growth initiatives in selected regions – such as the United States, China, Russia, India, Japan, and Central and Eastern Europe – and work- ing to generate further gains elsewhere.

In the future, our growth will continue to be external as well as internal. We have made several key acquisitions recently: Alstom’s industrial turbine business and the Danish wind power plant supplier Bonus Energy for the Power Genera- tion Group, DaimlerChrysler’s electronics plant in Huntsville, Alabama for Siemens VDO Automotive, and water treatment specialist USFilter for the Indus- trial Solutions and Services Group. Further moves are planned. For example, we have also made an offer to acquire Austria’s VA Technologie AG.

“Profit and Growth” – this is the ultimate goal of the three top+ programs in our Siemens Management System. These programs – Innovation, Customer

Focus and Global Competitiveness – comprise eleven initiatives in all. Mandatory for all our Groups, the initiatives focus, for example, on driving trendsetting technologies and cross-Group technology platforms; acquiring and retaining customers through strategies like Siemens One, in which several Groups cooper- ate on large-scale projects; improving project management; optimizing process- es; upgrading asset management; expanding our service business; and, last but not least, restructuring quality management.

In response to the problems at our Transportation Systems Group, quality management has been reorganized throughout the entire Company. In every Group and every Region, we have established quality managers who are author- ized to intervene and halt projects and processes if quality problems arise. In such cases, improvements that would entail high costs after project completion can be defined and implemented at an early stage.

**Continuity and change**

Klaus Kleinfeld will succeed me as President and CEO at the conclusion of the Annual Shareholders’ Meeting 2005. With this transition in mind, the Siemens Business Conference in October dealt not only with matters of immediate con- cern but also with the fundamental issues confronting our Company. We asked ourselves, for example: Do we have the right setup? Do we have the right focus? What should we leave as it is? What should we alter? All of these issues, most of which are also addressed in our Corporate Principles, involve continuity and change. We have spelled them out in concrete terms as follows:

■ The first issue is our **business portfolio**. Can we be a highly profitable global leader in electronics and electrical engineering with our current setup?

This is a matter for constant review. Power engineering, communications technology and medical solutions have been the three main pillars of our business for decades. Even in difficult times, we have always maintained a broad portfolio within our enormous field of activity. That is continuity.

But we have also proven that we take the need for change seriously. Siemens was, is and always will be a living organism. We withdrew from the electrical components business for very good reasons. For equally good reasons, we entered the automotive electronics business. These are only two of the many major revisions we have made to our business portfolio.

Strengthening weak businesses with acquisitions and cooperative ventures, withdrawing from stagnant markets, investing in high-growth sectors – these are and will remain key tasks. And nothing is sacred.

■ The second issue is **innovation**. “Innovation is our lifeblood.” That has been our credo for generations. Here, too, we are showing continuity.

Our Medical Solutions Group provides a prime example of successful innova- tion. Faced with hard times in the 1990s, the Group capped costs and opti- mized processes. That was certainly necessary. But more importantly, Medical Solutions took steps to ensure that it was more innovative than its global competitors in as many sectors as possible. Business success was the result. All Siemens Groups are required to conduct frequent innovation benchmark studies. This means that they measure their power of innovation against that of their leading competitors and initiate concrete programs to rapidly close any gaps they discover.

We are now in the process of further expanding our global R&D network. New research centers have been opened in China and India. Another is planned for Russia. All facilities in our global R&D network – including those in Germany – can leverage their specific strengths. The Groups are also inter- nationalizing their R&D departments. And a strategically positioned patent portfolio is protecting the knowledge we are generating. Our patent initiative has made good progress in the last few years.

■ The third issue is **customer orientation**. In recent years, change in this area has been particularly dramatic, for our customers have undergone major transformations themselves. Some who were previously public-sector compa- nies or governmental authorities have now been privatized and must con- tend with tough competitive environments. We have adapted our corporate culture to accommodate this shift. Our Corporate Principles state: “We strengthen our customers – to keep them competitive.” This means we treat customers as partners, involving them in our own development processes to ensure market-oriented solutions.

Customer orientation is also a primary focus of our Siemens One initiative, which is helping our Groups present one face to the customer in key seg- ments like hospitals, sports venues and hotels as well as in selected sectors of industry. Siemens One complements the Groups’ vertical business structures with an added emphasis on cross-Group cooperation. Our customers expect us to approach them as a single team. This strategy gives us an edge over competitors who operate in only one or a few segments – a situation we intend to exploit even more rigorously in the future.

Nearly 40 regions are now implementing the Siemens One concept. In addi- tion, a Siemens One Team, which reports directly to our President and CEO, has been set up in our Corporate Development Department. As well as gener- ating its own business, this new team is assisting the Groups and Regional Companies in creating cross-unit structures.

■ Customer proximity everywhere in the world – this key principle of our cor- porate philosophy applies to more than just our sales activities. True **global presence** – our fourth issue – can be achieved only when all links in the value chain – R&D, hardware and software development, procurement, production, services and, of course, sales – are combined within a global network.

Here, too, we see continuity and change. Change, above all, because of the major geopolitical events of recent years. A prime example is the opening of China, which began 20 years ago and has created vast new business opportu- nities for Western companies. Russia is undergoing a similar transformation. And the changes that have taken place in Central, Eastern and Southeastern Europe are just as fundamental. The eastern expansion of the EU has opened up extraordinary business opportunities. As a result, the world map of regional strengths and weaknesses now looks very different than it did only a few years ago – a development we cannot afford to ignore.

We have shown that these global changes do not necessarily mean a loss of jobs in Germany, a high-cost country. Every job in Germany is important to us. And it is encouraging to see flexible, location-specific employment models now enjoying greater acceptance.

■ The next issue – **employee orientation** – has a long tradition at Siemens.

However, its meaning has changed. It now includes advanced training at all levels of the organization. Lifelong learning is just as important on the facto- ry floor as it is in the board room. This has always been true. But now the con- tent of training programs has changed. Employees have to learn new types of jobs and managers have to master new types of tools in order to hone their leadership skills. That’s why we introduced a process several years ago to ori- ent and permanently align our training programs to the changing needs of the marketplace.

The targeted, systematic development of young high-potentials has long been part of Siemens’ employee orientation. Our annual employee and manage- ment reviews provide a solid basis for our efforts in this regard.

In a global enterprise like Siemens, employee orientation naturally has a mul- ticultural character. For our global network to function smoothly, we have to develop an understanding of cultural differences, learn how to combine the strengths of our different cultures and continue to internationalize our glob- al management team. Although we have made good progress in this respect

in the last few years, we still have much to do.

■ Our commitment to responsible **financial management** is unwavering.

Financial solidity – the sixth issue – has been the basis of our enduring suc- cess for more than 150 years.

Although there can be no change in the fundamental principles of our con- servative approach, the methods and tools we use are always evolving.

In the second half of the 1990s, we introduced economic value added (EVA) as a performance yardstick to enable us to better manage our businesses. EVA accommodates the interests of our investors without compromising those of our other stakeholders.

Our internal control systems have also changed. Although the recent discus- sion of corporate governance has entailed considerable administrative effort and expense, we now know with greater certainty that the principles agreed upon are being observed throughout our entire company.

■ Financial solidity and corporate governance are both related to the last issue

– **responsibility**. In a narrower sense, responsibility means correct behavior, such as strict compliance with our Business Conduct Guidelines across all our Groups and Regions.

In a broader sense, however, responsibility means taking into account the interests of all our stakeholders: customers, employees and investors. It also means taking into account society as a whole and the environment. The Siemens business portfolio largely comprises activities that directly impact people’s quality of life – in fields that encompass true “life technologies.”

This explains why our Company and our projects are always in the limelight

– which is just one more reason why it is so important for us to be a good neighbor everywhere we do business.

So much for the fundamental issues confronting us. As I mentioned earlier, Klaus Kleinfeld will be taking over from me at the close of the Annual Sharehold- ers’ Meeting on January 27, 2005. Together with the other members of the Manag- ing Board and the Company’s top management, he will work to maintain conti- nuity and to actively shape the process of change. I would like to wish Mr. Kleinfeld and his colleagues every success – for the benefit of our customers, our employees and you, the shareholders of Siemens.

Dr. Heinrich v. Pierer

President and Chief Executive Officer

Siemens AG

----------------------------------------------------------------------------------- Supplementary Information

A year ago, our management team made a commitment to “Go for Profit and Growth.” We were convinced that the prospects for increasing sales and earnings in fiscal 2004 were excellent. We even predicted a double-digit increase in net income.

“The Company’s top managers pledged to ‘Go for Profit and Growth’ again in 2005.”

“Our growth will continue to be external as well as internal.”

“Siemens was, is and always will be a living organism.”

“In our global R&D network, all facilities – including those in Germany – can lever- age their specific strengths.”

“Every job in Germany is important to us. And it is encouraging to see flexible, location- specific employment models now enjoying greater acceptance.”

“Financial solidity has been the basis of our enduring success for more than 150 years.”

--------------------------------------------------------------------------------------------------- Siemens 2005

Dear Shareholders,

Last January, on my first day as President and CEO of Siemens AG, I sent some 500 personal letters to customers around the world. Over the course of the next 100 days, I personally visited more than 100 of these companies. What I learned from our cus- tomers is extremely encouraging for our Company. They gave me clear advice on what to continue and what to improve. They confirmed that we have one of the largest, most loyal customer bases in the world and that they rely on us to bring them cutting- edge innovations to keep them a step ahead of their competition and the trends that impact their markets. This customer confidence in Siemens will drive our growth in 2006 and well into the future.

This past year demonstrated that we already have strong growth momentum, but we also have some tough challenges to overcome. What were the highlights?

**Growth accelerated**

New orders climbed to €84 billion, showing 11 percent growth compared with fiscal

2004. We already exceeded our medium-term goal of growing twice as fast as global GDP. Worldwide sales were up 7 percent to €75 billion over the previous year. Growth was especially impressive in the most dynamic regions of the world. In Asia-Pacific, for example, orders were up 23 percent. In the Americas, they were up 19 percent.

**Portfolio further developed**

We divested our loss-making mobile phone business to BenQ, which was the best solution in the interest of customers, employees, and you, our shareholders. We strengthened our portfolio in the field of energy with the acquisitions of VA Techno- logie and Bonus Energy. The VA Technologie acquisition also boosted our portfolio in the industry sector as did our purchases of Flender and Robicon. By acquiring Photoscan, we broadened our security offerings. In the medical field, our complete acquisition of CTI Molecular Imaging contributed to a significant strengthening of our healthcare business. Myrio and Chantry, both folded into our Communications

Group, enlarged our offerings in the fields of home entertainment systems and WLAN solutions for enterprise customers. And with the acquisition of USFilter the year before, we gained a leading position in water and wastewater systems in the U.S., both

of which are now being rolled out into other regional markets by our global sales force.

**Earnings on target**

Earnings from continuing operations were €3.1 billion – equal to last year on a com- parable basis. If we include the effects of our discontinued and loss-making operations in mobile phones, our net income totaled €2.2 billion.

**Majority of Groups on course**

Ten of our 12 operating Groups, plus Siemens Financial Services – reached, exceeded, or were closing in on their respective margin targets. For the two Groups that continue to face significant challenges, SBS and Com, we are taking decisive action to improve their long-term profitability.

Siemens Business Services faces the challenges of overcapacity, competition and cost pressures, especially in product related services. We have set clear goals and measures to put SBS operationally back on track. A new management team is in place. An ambitious cost-cutting program is underway targeting savings of €1.5 billion in the next two years. And there’s a greater focus on higher-value services.

At our Communications Group, even with the divestiture of mobile phones, there’s still a continuing need to act. While Mobile Networks’ performance remained solid, major steps are still required at Fixed Networks and Enterprise Networks. Com continues to face a number of significant market challenges, including ongoing consolidations among network operators and suppliers as the industry adjusts to

fixed /mobile convergence, technologies such as Voice over Internet Protocol (VoIP), as well as substantial market price erosions. To meet these challenges, here too, we have a new management team in place that is working hard to solidify this Group’s future.

**Our gameplan: Fit4More**

All Groups are following our action plan, which we call Fit4More, with a target com- pletion date of April 2007. It embraces four main pillars:

■ **Performance and Portfolio:** We are committed to achieving profitable growth by growing our sales at least twice as fast as global GDP and ensuring that every one of our Groups achieves its margin targets. Strengthening our portfolio is an ongoing process that includes continuous adaptations and acquisitions.

■ **Operational Excellence:** We are committed to executing the top+ Siemens

Management System with its sharp focus on innovation, customer focus and global competitiveness, including finding the most strategic fit in today’s ever-changing global value chain.

■ **People Excellence:** We are working to create a uniform high-performance culture Company-wide – one that motivates our people to excel at everything they do. After meeting with countless employees worldwide, I know our employees are excited about our people excellence programs. We are also increasing our global talent pool, establishing career tracks for specialists and offering a new curriculum for our Siemens Leadership Program.

■ **Corporate Responsibility:** We are committed to being an active and responsible member of every community where we do business worldwide and we’ve set the goal of becoming best-in-class in corporate governance, business practices, sustainability and corporate citizenship.

**Megatrends: Driving our customers’ markets**

Fit4More is a short-term plan that sets the foundation for our long-term future as a world-class company in every segment and every activity of our business. Our business is based squarely on opportunities in markets derived from the major megatrends

of tomorrow – namely changing demographics and the growth of cities worldwide. We have tremendous contributions to make in both areas.

Today’s population of more than six billion will swell to eight billion by 2020 and life expectancy will increase in industrialized countries as well as emerging markets. At the same time, according to the United Nations, for the first time in human history, a majority of humanity will be living in cities by 2007, including in some 20 so-called “megacities” with more than 10 million inhabitants each. In 1975, there were only four such megacities; by 2015 there will be 22.

Both megatrends, working in tandem, will have a significant impact on the world of tomorrow, particularly in the fields of health, water, power, mobility and security as well as in communications, automation and lighting. These areas comprise the traditional businesses of our portfolio. Siemens is uniquely positioned among infra- structure companies worldwide to provide the products, services and solutions neces- sary to meet these challenges head-on. Here are just a few examples.

In **healthcare**, where reliable and affordable care will be at a premium as popu- lations grow and age, Siemens is already a world-class healthcare leader making important contributions to keep costs down and quality up for patients and providers. Our digital hospitals and electronic healthcare systems are on the cutting-edge; and we’re the world’s biggest provider of e-health solutions, a business where we generate some €1 billion in annual sales alone.

**Water** will be one of of tomorrow’s most critical commodities. Some 1.2 billion people today have no access to potable water, and water consumption will grow world- wide some 40 percent by 2025. The multi-billion annual market for water and waste- water systems globally is huge and Siemens already has a broad spectrum of solutions for the full cycle of water processing – from preparing fresh water, to distributing it,

to processing wastewater. Our acquisition of USFilter is already helping us ensure mar- ket leadership in this field.

Worldwide demand for **power** is expected to grow some 70 percent by 2020. About

40 percent of this demand will be in developed nations, 60 percent in the developing world. To meet this voracious demand, an intelligent energy mix – including fossil

or nuclear fuels and renewable energy sources such as wind, biomass, hydro and geo- thermal – is needed. In each case, as well as in the reliable transmission of energy without the loss of power, Siemens is already tomorrow’s trendsetter in power gen- eration and transmission.

In many industrialized and developing countries – particularly in large megacities

– **mobility** is reaching a point of gridlock. For example, it’s estimated that the German economy alone loses some €100 billion per year in fuel costs, lost time and additional CO2 emissions due to traffic jams. Each year, Americans spend 3.5 billion hours stuck

in traffic. Siemens has the solutions to help in terms of high-performance rail systems,

intelligent telematics solutions, fleet management, highway e-payment systems and other innovations to improve people’s mobility.

**Security** – in traffic as well as buildings – will continue to grow in importance in urban areas as populations rise, spectators flock to events in mega-stadiums, and air- ports process ever-growing numbers of passengers. Here, too, Siemens is leading the trends. We’re piloting, for example, a cutting-edge biometric passenger recognition system with Lufthansa and have installed an RFID-based system on admissions tickets in Stuttgart, Germany, that speeds up control and prevents misuse.

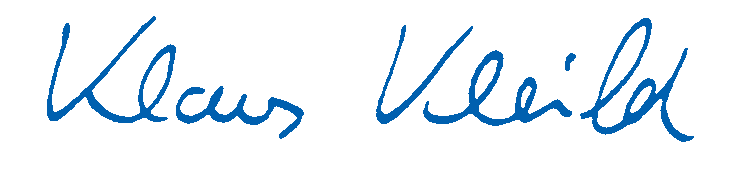
Siemens’ infrastructure solutions position us extremely well to leverage and profit from the megatrends of tomorrow, and these are only a few examples of our power

of innovation at work. And today, we’re making even stronger inroads now that we’re offering our customers our products, services and solutions from one source through Siemens One. By bundling our capabilities, we can offer more customers more inno- vation than ever before.

**Poised to grow**

Along the way to meeting our targets for 2007, the profitability measures we imple- mented in 2005 will begin showing positive effects in fiscal 2006, but we still face challenges in our information and communications business that will require further attention. On the growth side, we’re confident that our Groups are strategically well- positioned for the future. We are in businesses that provide us the opportunity to bene- fit from megatrends; cutting-edge innovation will allow us to keep one step ahead of our competitors; and an increasing ability to integrate our cross-Group offerings meets our customers’ needs for advanced and comprehensive solutions.

I am pleased to report that your company continues its proud past and looks for- ward to a successful future.



Dr. Klaus Kleinfeld

President and Chief Executive Officer

Siemens AG

--------------------------------------------------------------------------------------------------- Siemens 2006

Letter to our Shareholders,

**Dear Shareholders,**

**In fiscal 2006, we made substantial progress toward achieving sustainable profitable growth Company-wide. We based our efforts on the rigorous implementation of our Fit*4*More program, which comprises the four pillars Performance and Portfolio, Operational Excellence, People Excellence and Corporate Responsibility (**[**here**](http://www.siemens.com/annual/06/en/Section3/01.html)**).**   
  
We’re satisfied with the results we achieved in fiscal 2006. In every quarter, we exceeded our main target: sustainable profitable growth at twice the global GDP rate.   
  
Year-on-year, new orders surged 15 percent to €96 billion. Six percent of this growth was organic (excluding portfolio measures and currency effects). Sales climbed 16 percent to €87 billion, and eight percent of this increase was organic. Despite further restructuring costs due to portfolio adjustments, we increased Group profit from Operations 12 percent to roughly €5.3 billion. Net income soared 35 percent to €3.0 billion, and earnings per share rose 35 percent to €3.40.



**Global megatrends are putting wind in our sails.**

To drive our businesses, we’re leveraging two global megatrends – demographic change and increasing urbanization. These megatrends are exerting an ever-greater impact on the world we live in. According to UN projections, the world’s population will have increased by about one-third and the average age will have jumped from 26 to 36 by 2050. More and more people are moving to urban areas in search of better jobs, better education and a better life. The UN predicts that next year more people will be living in cities than rural areas for the first time in human history.  
  
In light of these developments, how can we meet the growing demand for energy without degrading the environment? How can we shape the future of manufacturing so that more and better goods can be produced using fewer natural resources? How can we safeguard and improve the mobility of people and goods? And how can we ensure the availability of high-quality, affordable healthcare while keeping pace with advances in medical technology?  
  
Innovation can make a major contribution to mastering these challenges. And this is precisely where our opportunities lie, since we already hold leading positions worldwide in many of the technologies required. Our portfolio policies aim to strengthen and expand these positions.

**A two-pronged strategy is positioning Siemens for the future.**

The first Fit*4*More pillar – Performance and Portfolio – comprises two main elements: targeted acquisitions and the strategic reorientation of specific businesses, in particular our Information and Communications activities. In fiscal 2006, we implemented a number of key portfolio-enhancing measures in both areas. On the one hand, we made a series of acquisitions that will expand our positions in the long-term growth markets of power, environmental technology, medical solutions, automation systems and public and industrial infrastructures. On the other hand, we introduced numerous measures to get Siemens Business Services (SBS) back on track. These measures included a strategic reorientation, which was completed at the end of fiscal 2006 ([SBS](http://www.siemens.com/annual/06/en/Section4/info_communication.html#PTOC2), [Supervisory Board](http://www.siemens.com/annual/06/en/Section6/01.html), [Management's discussion and analysis](http://www.siemens.com/annual/06/en/Section0/Resource/E06_01_MANAGEMENTS_DISCUSS_1425069.PDF), [Outlook](http://www.siemens.com/annual/06/en/Section0/Resource/E06_01_MANAGEMENTS_DISCUSS_1425070.PDF)).  
  
Two portfolio adjustments were of particular importance: a broadening of the focus of our Medical Solutions Group (Med) and the decision to fold the carrier business of our Communications Group (Com) into a joint venture with Nokia.



* Med’s acquisitions of U.S.-based Diagnostic Products Corporation and Bayer Diagnostics are moving us into the new, highly attractive growth segment of in-vitro diagnostics. Once both acquisitions have been finalized, we’ll occupy an excellent starting position on a par with the No. 2 global provider. These two acquisitions will also make Med the world’s first supplier to deliver products, systems and services across the entire healthcare continuum, from prevention and diagnosis to treatment and follow-up care. Since IT plays a key role in integrating clinical workflows, increasing efficiency and lowering costs, Med’s leading global position in healthcare IT will give it an additional competitive edge.
* The decision to put our telecommunications carrier business into a 50-50 joint venture with Nokia was not easy. After weighing all the options, however, this seemed to be the best way to remain a leading supplier of telecommunications infrastructure given the dramatic changes now taking place in the world market. Size is a critical factor for manufacturers and providers of telecommunications solutions and services. This new joint venture will give us the critical mass and financial clout we need in order to compete successfully. We’re convinced that Nokia Siemens Networks has excellent prospects of becoming a global leader in its market. Steps to complete the integration and start operation in the second quarter of fiscal 2007 are underway.



In addition to these major portfolio moves, we made a number of smaller acquisitions that will further strengthen our position in the industrial automation and power markets. Our restructuring measures – including all acquisitions, divestments and joint ventures – affected some 30 percent of our businesses in fiscal 2006. We’re pleased to have successfully completed this formidable task.  
  
We’re deeply concerned about developments at our former mobile phone business, now part of the Taiwanese company BenQ. In September 2006, the company filed for bankruptcy for its mobile phone business in Germany and other countries, causing a public outcry in Germany in particular. The filing took us by surprise, above all, because we were convinced we had chosen a good partner for our mobile phone business and because we had purposely strengthened BenQ’s position by providing financing and by transferring patent and brand rights. We’ve now launched a variety of measures to facilitate job placement for our former employees.

**Our Groups are achieving profitable growth.**

All our Groups – with the exception of Siemens Business Services – reported strong growth in fiscal 2006, with six operating Groups achieving a double-digit percentage increase in new orders. In many of our businesses, we’re winning market share from our competitors. Automation and Drives (A&D), Medical Solutions (Med), Siemens VDO Automotive (SV), Power Transmission and Distribution (PTD) and OSRAM reached their target margins every quarter, while Industrial Solutions and Services (I&S), Siemens Building Technologies (SBT), Transportation Systems (TS) and Siemens Business Services (SBS) are closing in on their profitability goals. We’re confident that all our Groups will reach their target margins by the second quarter of 2007. In the months ahead, we’ll focus on continuing to improve our Groups’ profitability and maintaining these margin levels in the long term.  
  
The second pillar of the Fit*4*More program – Operational Excellence – comprises the proven tools of the Siemens Management System (SMS), including our Company-wide programs Innovation, Customer Focus and Global Competitiveness and our *top*+ initiative, with which we’ve been continuously optimizing our business processes for ten years now.  
  
Half of our sales growth is organic, and this achievement is a testimony to our power of innovation. To further boost our technological edge, we invested   
€5.7 billion in research and development in fiscal 2006 ([here](http://www.siemens.com/annual/06/en/Section3/forschung_entwicklung.html)). And this investment is paying off. In fiscal 2006, our researchers submitted more than 10,000 invention reports, roughly 17 percent more than in fiscal 2005. We filed patent applications for over 6,000 of these inventions, about eight percent more than in the previous year. Our portfolio now comprises more than 62,000 patents.  
  
Now I’d like to give you just a few examples of how our innovative strength is driving success at our Groups:



* Our SOMATOM Definition computed tomography (CT) scanner is a major breakthrough in medical diagnostics. Using two X-ray tubes and two detectors, this innovative system reduces radiation exposure by up to 50 percent and energy consumption by roughly 30 percent. SOMATOM Definition scans the human heart in just six seconds and the entire body in only 20 seconds. With an imaging rate that is faster than the beating heart, it’s an ideal tool for producing cardiac images of patients with irregular or very rapid heartbeats. And its high image resolution of up to 0.4 millimeters helps physicians better identify early indicators of heart disease. We sold 150 SOMATOM Definition scanners and installed more than 50 of the systems in fiscal 2006.
* SIPROCESS from A&D is a modular, automated micro process system for synthesizing chemical substances. This cutting-edge system significantly reduces product development costs and shortens time-to-market. Users report that SIPROCESS increases lab productivity up to fivefold.
* In April 2006, a 290-km submarine cable began transmitting power between Australia and Tasmania. During the rainy season, electricity generated by eco-friendly hydropower plants on the island flows to the mainland. During the dry season, power from coal-fired facilities in Australia is transmitted to Tasmania. High-voltage direct-current transmission technology from PTD is helping minimize energy loss along the entire route. Thanks to Siemens, both the continent and its island are benefiting from lower emissions and reliable power supplies.

These are only three examples of the technological prowess that has been driving our Company's success for 160 years and is still creating sustainable value for our customers every day.

**We’re bundling our products to create sector-specific solutions.**

In fiscal 2006, we set up a number of cross-Group Sector Development Boards to offer solutions even better tailored to our customers’ specific requirements. At BMW’s Leipzig facility, for example, we supplied automation and manufacturing solutions for the body shop, paint shop and final assembly system. We also provided the plant’s power supply, communications and IT systems, its building infrastructure and all related services.

**Employee know-how and teamwork are key competitive advantages.**

Our technological and entrepreneurial success is based on the superb collaboration of our excellent employees worldwide. Given the breakneck speed at which markets are changing, the expertise and teamwork of our people are a source of long-term competitive advantages. That’s why People Excellence – our third Fit*4*More pillar – is so important to us. The aim of our activities in this area is to foster a high-performance culture across the entire Company. Successful People Excellence measures include our newly restructured Siemens Leadership Excellence (SLE) program, which is providing our managers with the knowledge they’ll need to meet the challenges of the future. In SLE courses, top Siemens executives share their experiences and practical know-how with the next generation of Company leaders. Our ability to recognize and nurture these top talents early on is also a decisive factor in our success.  
  
Unparalleled technology know-how and outstanding innovations are the lifeblood of our Company. That’s why we want to be an attractive employer for top scientists and engineers worldwide. To achieve this goal, we’ve introduced a special career track for technology experts – separate from that for our managerial employees – with four main stages, from senior-level to chief engineer.

**Our values are the foundation of our actions.**

Corporate Responsibility – our fourth Fit*4*More pillar – is a reflection of our Company’s identity and the values for which we stand. These values are expressed in our corporate governance system, the rules set out in our Business Conduct Guidelines, the charitable activities of our Corporate Citizenship program and our commitment to sustainable and eco-friendly development.  
  
We introduced our Business Conduct Guidelines in 2001, when the Company was listed on the New York Stock Exchange. These guidelines – which contain rules regarding compliance with the law, the handling of conflicts of interest, the protection of company assets and the prohibition of insider trading – are binding for all Company employees and the members of our Managing Board. The members of our Supervisory Board also comply with the Guidelines where applicable. Our Business Conduct Guidelines are also part of every employment contract. A Company Compliance Officer regularly reports to the Audit Committee of the Supervisory Board and the Corporate Executive Committee.  
  
Unfortunately, it has now become clear that our compliance measures are not yet sufficient. Several former and current Company employees are under investigation regarding allegations of embezzlement, bribery and tax evasion. Siemens is doing everything in its power to facilitate the full and speedy clarification of this matter and has taken appropriate and immediate countermeasures. In this connection, we’ve also engaged independent experts to detect any concrete violations, identify any flaws in Siemens’ regulatory system, structures or processes and eliminate these shortcomings entirely and without exception ([Management's discussion and analysis](http://www.siemens.com/annual/06/en/Section0/Resource/E06_01_MANAGEMENTS_DISCUSS_1425071.PDF)).  
  
Our activities in the areas of sustainability and environmental protection were honored once again this year. We’re proud to have been listed on the Dow Jones Sustainability Index for the seventh year in a row.  
  
We aim to be a good neighbor in all the countries where we do business. With our global presence, we can marshal local resources everywhere in the world to provide fast and effective assistance in emergencies and natural disasters. For example, Siemens Caring Hands, our charitable program, contributed more than €1.5 million in monetary and non-monetary donations for the victims of the earthquake in Pakistan on October 8, 2005. Following the Indonesian earthquake of May 2006, we provided aid primarily in the form of medical equipment.  
  
Our network of university partnerships now encompasses more than 600 institutions of higher education in 70 countries. Partners include prestigious institutions like Massachusetts Institute of Technology, the University of California at Berkeley, Oxford University, ETH Zurich, Tokyo University, Tsinghua University in Beijing, Tongji University in Shanghai and leading universities throughout Germany.  
  
In fiscal 2006, our Fit*4*More program paved the way for continued profitable growth at twice the rate of the global economy. To reach this goal, we’ve expanded and restructured many of our businesses. Our achievements in fiscal 2006 – reflected in our bottom line – are providing an excellent springboard for further success in fiscal 2007.  
  
  
  
Dr. Klaus Kleinfeld  
President and Chief Executive Officer,  
Siemens AG



----------------------------------------------------------------------------------- Supplementary Information

“In fiscal 2008, we took major steps to further optimize profit and growth”

--------------------------------------------------------------------------------------------------- Siemens 2007

Dear Shareholders,

In fiscal 2007, the Supervisory Board performed the duties assigned to it by law, the Siemens Articles of Association and the Bylaws for the Supervisory Board. We regularly advised the Managing Board on the management of the Company and monitored the Managing Board’s activities. We were directly involved in all major decisions regarding the Company. In written and oral reports, the Managing Board regularly provided us with timely and comprehensive information on Company planning and business operations as well as on the strategic development and current state of the Company. Actual deviations from business plans were explained to us in detail. Together with the Managing Board, we determined the Company’s strategic orientation. On the basis of reports submitted by the Managing Board, we discussed in detail all business transactions of major significance to the Company. The proposals made by the Managing Board were approved after detailed examination and discussion.

We held a total of six regular and two extraordinary meetings. Where necessary, we recorded our decisions in writing.

During our respective terms of office, both Professor Dr. Heinrich v. Pierer – who was Chairman until April 25, 2007 – and I were in regular contact with the Managing Board between Supervisory Board meetings. We were kept up-to-date on the Company’s current business situation and key business transactions. At separate strategy meetings, the Chairman of the Supervisory Board discussed with the Managing Board the perspectives and future orientation of the Company’s individual businesses.

Intensive work in the Supervisory Board committees

To enhance the efficiency of its work, the Supervisory Board has set up a total of six committees, which prepare the resolutions of the Supervisory Board as well as the issues to be dealt with at the Board’s plenary meetings. Where legally permissible, the decision-making powers of the Supervisory Board are delegated to these committees. The composition of the individual Supervisory Board committees and the number of committee meetings and decisions are shown on page 319.

The Chairman’s Committee met eight times in fiscal 2007. Between meetings, the Chairman of the Supervisory Board also discussed topics of particular importance to the Company with the members of the Chairman’s Committee. In fiscal 2007, these discussions were concerned primarily with the Managing Board’s proposal to focus the Company’s business operations on three Sectors and with the future structure of Siemens’ matrix organization. The Chairman’s Committee also dealt with

the implementation of the Company’s corporate governance principles and with various personnel topics – in particular, with the appointment of members of the Managing Board, with matters relating to Managing Board contracts and with Managing Board remuneration.

In fiscal 2007, the Mediation Committee again had no occasion to meet. The Ownership Rights Committee voted on six resolutions using a notational, or written, voting process. The chairman of the committee notified the Supervisory Board of the outcome at subsequent meetings. In fiscal

2007, a Nominating Committee was established to prepare for the election of the Supervisory

Board’s shareholder representatives by the Annual Shareholders’ Meeting of Siemens AG on January

24, 2008. The committee took up its duties after the end of fiscal 2007.

The Audit Committee met seven times. Together with the independent auditors, the President and Chief Executive Officer, and the Chief Financial Officer, the Audit Committee discussed the Annual Financial Statements and management’s discussion and analysis (MD&A) of Siemens AG and the Consolidated Financial Statements and consolidated MD&A of Siemens worldwide, the proposal for the appropriation of net income and the Annual Report on Form 20-F for the U.S. Securities and Exchange Commission (SEC). The effects of compliance-related matters on the financial statements were also discussed. In addition, the committee gave in-depth consideration to the Company’s quarterly reports, the Semiannual Report, the appointment of the independent auditors, oversight of the auditors’ independence and qualification, and their fee. The Audit Committee dealt inten- sively with the Company’s risk management system and with the authorization and findings of the internal financial audit and the reports concerning legal and regulatory risks. The Audit Committee also concentrated on Company compliance with the provisions of Section 404 of the Sarbanes- Oxley Act (SOA) and measures for eliminating the weak points in the internal control system (Remediation Plan).

At its meeting on December 11, 2006, the Audit Committee – in connection with the legal proceed- ings relating to allegations of embezzlement, bribery and tax evasion on the part of former and current employees – retained the law firm Debevoise & Plimpton LLP to:

• clarify the circumstances relating to allegations of criminal activity at the Communications Group

(Com), which has since been dissolved

• analyze the implications of current findings for the efficiency of the Company’s compliance system and its internal control system and

• investigate whether similar situations have arisen at any other Siemens Group.

Debevoise & Plimpton LLP has also commissioned the independent auditors Deloitte Touche Tohmatsu to support it in the examination of Siemens’ control systems by providing forensic accounting experts. At the suggestion of the Corporate Executive Committee, the Audit Committee appointed the inter- nationally recognized expert Michael J. Hershman as Siemens’ compliance advisor.

On April 25, 2007, the Supervisory Board decided to transfer responsibility for compliance-related matters from the Audit Committee to the newly created Compliance Committee. For the remainder of the current internal investigations, the Compliance Committee will deal with the following matters on behalf of the Supervisory Board: overseeing the ongoing compliance-related investigations, process- ing reports by the law firm Debevoise & Plimpton LLP on its independent investigation and review of Siemens’ internal compliance and control systems, and monitoring compliance with legal and regula- tory requirements and Company guidelines.

The committee chairmen reported on the work of their committees on a regular basis at the plenary meetings.

Main topics at the plenary meetings

Regular topics of discussion at the Supervisory Board’s plenary meetings were revenue, income and employment development at Siemens AG, at the Groups and at Siemens worldwide as well as the Company’s main investment and divestment projects. The Managing Board reported regularly and comprehensively on Company planning and the strategic development, business operations and current state of the Company. Compliance-related measures and the future structure of business operations at Siemens AG were discussed at several meetings. Decisions were also made regarding the composition of the Managing Board.

At our meeting on November 8, 2006, we received a report on business development in fiscal 2006 and approved the dividend proposal for 2007. At our meeting on December 11, 2006, we primarily discussed the financial statements and MD&A of Siemens AG and Siemens worldwide as of September

30, 2006 as well as Company planning for fiscal 2007. In light of recent developments, we also dis- cussed in detail the background and status of the investigations relating to allegations of embezzle- ment, bribery and tax evasion on the part of former and current employees. In this connection, the Supervisory Board expressed its unconditional support for the measures introduced by the Audit Com- mittee. At an executive session held during the December meeting, the efficiency of the Supervisory Board’s work was evaluated by its members.

At our meeting on January 24, 2007 – one day before the Annual Shareholders’ Meeting – the Manag- ing Board reported on the current state of the Company and on the status of the Company’s compli- ance and control systems. In addition, the Supervisory Board was informed for the first time of the Managing Board’s intention to sell stakes in the automotive supplier Siemens VDO Automotive through a public listing. The Supervisory Board took note of this intention. The Supervisory Board also agreed to the acquisition of UGS Corp. of Plano, Texas (U.S.). UGS is a world-leading supplier of product lifecycle management (PLM) software and services. PLM is an IT business platform that supports business inno- vation and growth through digital product design, manufacture, distribution, servicing and disposal.

At our meeting on January 25, 2007, we reviewed the points discussed at the just-concluded Annual

Shareholders’ Meeting.

At the beginning of the Supervisory Board meeting on April 25, 2007, Professor Dr. Heinrich v. Pierer resigned as Chairman of the Supervisory Board of Siemens AG. The Supervisory Board then elected me, Dr. Gerhard Cromme, Chairman for the remainder of the current Supervisory Board’s term of office, which expires at the Annual Shareholders’ Meeting of Siemens AG on January 24, 2008. At the same meeting, Siemens President and CEO Dr. Klaus Kleinfeld informed the Supervisory Board that he would no longer be available for a renewal of his contract. Also discussed at this meeting were the state

of the Company, the status of the compliance-related investigations and the topic of D&O insurance. In addition, the Managing Board reported in detail on the new Company program Fit42010.

At an extraordinary meeting on May 20, 2007, which convened without the Managing Board in attendance, the Supervisory Board approved a proposal of the Chairman’s Committee to appoint Peter Löscher a full member of the Managing Board and successor to Dr. Klaus Kleinfeld as President and CEO of Siemens AG, effective July 1, 2007. The Supervisory Board also approved a proposal of the Chairman’s Committee to appoint Dr. Heinrich Hiesinger, Group President of Siemens Building Technologies (SBT), to the Managing Board of Siemens AG. Dr. Hiesinger was appointed a full member of the Managing Board, effective June 1, 2007. The Supervisory Board also approved the Managing Board’s decision to elect Dr. Hiesinger to the Corporate Executive Committee.

Our meeting on July 25, 2007 dealt with the status of compliance-related measures, a report on the compliance environment, the legal situation and the Company’s business and financial position. The Supervisory Board also approved the Managing Board’s proposal to sell Siemens VDO Automotive AG to Continental AG and the planned acquisition of Dade Behring Inc. of Deerfield, Illinois (U.S.). The purchase of this U.S. healthcare diagnostics company has brought Siemens a step closer to becoming the first integrated diagnostics company in the world.

The Supervisory Board decided at its meeting on September 19, 2007 to appoint Peter Y. Solmssen

a full member of the Managing Board and approved his election to the Corporate Executive Commit- tee. Mr. Solmssen assumed the new Managing Board position for legal and compliance matters, which was established by the Chairman’s Committee of the Supervisory Board as of October 1, 2007. Previously Executive Vice President and General Counsel of GE Healthcare in Chalfont St. Giles (UK), Mr. Solmssen is a highly qualified and internationally recognized expert in legal and compliance- related matters. At the same meeting, the Managing Board reported on the integration of major acquisitions at the Automation and Drives Group and the Medical Solutions Group. We also received an overview of the current status of the Company’s pension system and of the anticipated further development of its pension fund assets.

Compliance with corporate governance standards

The Supervisory Board continuously monitored the further development of the Company’s corporate governance standards. Information on corporate governance at the Company and a detailed report on the level and structure of the remuneration paid to the members of the Supervisory and Managing Boards is provided on pages 92 ff. and 103 ff. of this Annual Report. At their meetings on November

23 and 28, the Managing and Supervisory Boards issued an unconditional Declaration of Conformity pursuant to § 161 of the German Stock Corporation Act (Aktiengesetz) and made it available to share- holders on the Company’s website. Siemens AG complies with all the recommendations of the current version of the German Corporate Governance Code and will continue to comply with these recom- mendations in the future.

Detailed discussion of the financial statements

Our independent auditors, KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft (KPMG), Berlin, audited the Annual Financial Statements of Siemens AG and the related MD&A as well as the Consolidated Financial Statements and consolidated MD&A for the year ended September 30,

2007, in accordance with the requirements of the German Commercial Code (HGB) and approved them without qualification. The Consolidated Financial Statements and the consolidated MD&A were prepared in accordance with § 315a of the HGB using the international accounting standards IFRS,

as required in the European Union. KPMG’s audit was conducted in accordance with generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) and the International Standards on Auditing (ISA).

The above-mentioned documents as well as the Managing Board’s proposal for the appropriation of net income were submitted to us by the Managing Board in a timely manner. The Audit Committee discussed these documents in detail on November 27, 2007. The KPMG audit reports were presented to all members of the Supervisory Board, and we reviewed them comprehensively at our meeting on November 28, 2007, in the presence of the independent auditors, who reported on the main findings of their audit. At this meeting, the Managing Board explained the Annual and Consolidated Financial Statements as well as the Company’s risk management system. It also provided a report on the scope, focal points and costs of the audit.

As a result of the definitive findings of the examination by the Audit Committee and the full Super- visory Board, we raised no objections. In view of our approval, the financial statements are accepted as submitted. We endorse the Managing Board’s proposal that the net income available for distribu- tion be used to pay out a dividend of €1.60 per share entitled to a dividend. In addition, we approve the proposal that the amount attributable to treasury stock be carried forward.

Changes in the composition of the Supervisory and Managing Boards

At the conclusion of the Annual Shareholders’ Meeting on January 25, 2007, Wolfgang Müller left the Supervisory Board. Dieter Scheitor was appointed by court resolution to replace him. Effective April 1, 2007, Bettina Haller, previously a substitute member of the Supervisory Board, succeeded Georg Nassauer as a member of the Supervisory Board. The Supervisory Board would like to thank Mr. Müller and Mr. Nassauer for their constructive and informed contributions and many years of loyal support.

Professor Dr. Heinrich v. Pierer resigned as a member and Chairman of the Supervisory Board at the beginning of the Supervisory Board meeting on April 25, 2007. The Board elected me, Dr. Gerhard Cromme, Chairman for the remainder of the current Supervisory Board’s term of office, which expires at the Annual Shareholders’ Meeting of Siemens AG on January 24, 2008. Professor

Dr. Michael Mirow, who had been elected a substitute member of the Board, succeeded Professor Dr. Heinrich v. Pierer as a member of the Supervisory Board. The Supervisory Board of Siemens AG is deeply indebted to Professor Dr. Heinrich v. Pierer for his many years of service as President and CEO of Siemens AG and for his work as Chairman of the Supervisory Board.

Effective June 1, 2007, the Supervisory Board appointed Dr. Heinrich Hiesinger a full member of the Managing Board and approved his election to the Corporate Executive Committee. Dr. Klaus Kleinfeld resigned as a member of the Managing Board and President and CEO of Siemens AG, effec- tive June 30, 2007. We would like to thank Dr. Kleinfeld for his work. Peter Löscher was appointed

a full member of the Managing Board and President and CEO of Siemens AG, effective July 1, 2007. The term of office of Professor Johannes Feldmayer expired on September 30, 2007, and was not extended. Professor Feldmayer had held a variety of positions at the Company since 1979 and had served as a member of the Managing Board and Corporate Executive Committee since May 2003. We would like to thank Professor Feldmayer for his many years of successful work. His duties have

been assumed by Dr. Heinrich Hiesinger. Effective October 1, 2007, the Supervisory Board appointed Peter Y. Solmssen a full member of the Managing Board and approved his election to the Corporate Executive Committee. As General Counsel to the Company, Mr. Solmssen also occupies the newly created Managing Board position for legal and compliance matters.

The Supervisory Board would like to thank the members of the Managing Board as well as the employees and employee representatives of all Siemens companies for their work. Together, they made fiscal 2007 another very successful year for Siemens’ business.

For the Supervisory Board



Dr. Gerhard Cromme

Chairman

Berlin and Munich, November 28, 2007

----------------------------------------------------------------------------------- Supplementary Information

In addition to very successful business operations, fiscal 2007 was characterized by major changes and extraordinary events at the Company. These developments also affected the composition and work of the Supervisory Board and the topics with which it dealt.

--------------------------------------------------------------------------------------------------- Siemens 2008

Ladies and gentlemen,

Sustainability as we understand it is closely linked to our values. In all its complexity, it is our contribution to a more equitable world economy and the provision of energy-efficient, durable products and solutions for our customers. It is also the expression of a responsible employee culture and a sign of uncompromising compliance with laws and regulations.

Against the backdrop of the current economic and financial crisis and the problems posed by climate change, even more is expected of our company’s product portfolio, production processes and purchasing policies. Siemens is well prepared for the challenges the world is facing. We identified long-term trends early on and realigned our company accordingly. This has enabled us to make the changes we need in order to operate even faster and more flexibly in attractive markets and generate strong and profitable growth.

Profitable and long-term growth is our goal, and responsible action the means to achieve it. Our responsibility in this regard has many sides. For example, it includes environmental protection and product stewardship as well as responsible employee management and a diversity-oriented employee culture, occupational health and safety, the requirement that all our suppliers comply with our own high standards, and our corporate citi- zenship activities.

**Our commitment to the United Nations Global Compact**

Formulated in 2000, the United Nations’ eight Millennium Development Goals set priorities. Based on the vision of a sustainable and more equitable world economy, they aim to noticeably improve living conditions worldwide by 2015. Poverty reduction, peacekeeping and environmental protection have been defined as the international community’s top priorities. We are aware that the goals cannot be achieved by governments and international organizations alone. Active support is also required from the business world. With their innova- tion and investment capabilities, businesses bear a large share of the responsibility for sustainable develop- ment worldwide.

This applies particularly to our company, which supplies key future-oriented technologies and has consider- able influence because of its size and global presence. As a result, we take our responsibility to sustainability seriously. We have made this responsibility a central pillar of our corporate strategy. It is implemented in our Fit42010 program and has a clear goal: to be the global leader in transparency and compliance. This is what we aspire to and this is the guiding principle of this report.

Since 2003, our commitment has also been reflected in our membership in the United Nations Global Com- pact. Active in around 190 countries, we have adopted the Global Compact’s ten principles and will continue to lend them our full support. Our commitment is also reflected in our Business Conduct Guidelines, which are designed to establish ethically irreproachable business practices as the prerequisite for sustainable company success and anchor the behavior of all our managers and employees in ethical norms. This Report describes our progress toward implementing the Global Compact’s principles, and future reports will adopt this approach as well.

**Opportunities from sustainable business**

In the future, we intend to focus even more intensely on the opportunities provided by sustainable business. That’s one reason why Siemens – an integrated technology company – is making above-average investments in research and development with the aim of achieving new growth targets. One prime example here is our Environmental Portfolio. The company is already a world leader with its offerings. This portfolio showcases how Siemens, with its expertise in green solutions, is fulfilling its commitment to sustainable development. We’re pleased to have engaged Barbara Kux for this vital topic. She is responsible for Supply Chain Manage- ment on the Managing Board and, in her role as Chief Sustainability Officer, is in charge of marketing for the cross-Sector Environmental Portfolio. For us, sustainability and supply chain management are closely related. Only if our processes along the entire value chain are responsible and profitable can we operate on a long- term and sustainable basis.

Our newly created Sustainability Board, staffed by high-ranking representatives from across the company, will promote an understanding of sustainability and its practical application. This Board will more effectively leverage the opportunities provided by sustainable business at all levels of the company. For these reasons, we are calling this annual publication the Sustainability Report.

**Our achievements to date**

We made major progress last year in the areas of compliance, supplier responsibility and occupational health and safety. We established systems, implemented them globally and continued to optimize them. One such system was a comprehensive compliance program, which includes intensive training measures. We also con- tinued to rigorously clarify past compliance violations. Our full cooperation with the investigating authori- ties, our uncompromising response to all cases of misconduct and our comprehensive Compliance Program were one of the reasons that the legal proceedings against Siemens in Germany and the U.S. were simultane- ously terminated.

Our responsibility is not limited to our company; it also extends beyond the factory gates. Therefore, respon- sibility and sustainability are also criteria for the selection of suitable suppliers. Following the worldwide rollout in fiscal 2008 of the Code of Conduct for Siemens Suppliers, 84 suppliers were asked for the first time to complete a corporate responsibility self-assessment. The object was to find out more about our suppliers’ activities and the management systems they use to ensure sustainability. This is the only way to identify pos- sible risks in the supply chain at an early stage. Further information about the results of the assessment is available in this Report.

In fiscal 2008, we also introduced an international occupational health and safety reporting system in order to centrally track and evaluate, on a monthly basis, key performance indicators for all our locations and con- struction sites as well as for our contractors.

**Integrity, CO2 reduction and diversity**

The basis for all our activities is the conviction that integrity is the prerequisite for long-term, sustainable company success. A common understanding of integrity can only be reached by discussing the values and expectations of all parties concerned. For this reason, last fiscal year, Siemens held intensive discussions

on integrity with top management and internal and external groups and defined the factors that will deter- mine our future success.

The Siemens Environmental Portfolio is only one part – although a very important one – of our climate pro- tection commitment, which we intend to apply to our entire value chain. This commitment includes an inte- grated concept for CO2 reduction that involves our suppliers, our customers and our own production processes. Rigorous supply chain management will help us achieve this goal. Our production sites worldwide aim to

reduce CO2 emissions by 20 percent by 2011 – compared to the level in 2006, normalized for revenue growth. Here, we can also put to use the energy-efficient products and solutions that our research departments have developed for our customers.

Only if we make diversity a key component of our corporate culture will we succeed in recruiting the best employees for the development of future-oriented products and solutions and in widening our innovation basis through the inclusion of multifaceted capabilities, approaches and cultural backgrounds.

Identifying our top talents early on, providing them with attractive development possibilities at all levels

of the company and entrusting them with key functions within the company – this is also a prerequisite for sustainable company success.

**Transparency, openness and trust**

Looking back over the activities of the past fiscal year, we can be proud of what we have achieved. But we have still not reached our goals. Our plans and objectives must also be reflected in improvements in performance. By presenting our sustainability activities in accordance with management objectives, key figures and goals, we want to make our performance clear and measurable internally and externally and enable all our readers to see which targets have been reached, which have even been exceeded and which are still to be achieved. This open reporting is an important means of reaching the transparency goal defined as part of our Fit42010 program. We are convinced that open communications and fair dealings with our stakeholders – employees, customers, non-governmental organizations, associations, scientists and political leaders – are the main prerequisite for integrity. Open dialogue is also an important basis for the development of products and solu-

tions that are not only useful for society but also establish long-term trust in our company. This is particularly important at a time of economic and financial crisis.

Today, as a result of our company’s rigorous reorientation over the past two years, we are now better equipped to tackle the challenges facing us. This does not mean thinking and acting on a short-term basis. On the con- trary, we will remain true to our strategy of long-term decision-making and our focus on energy-efficient inno- vations and solutions. We are confident that, in this way, we will be able to profit from impending stimulus programs in important markets – as a world-leader for green products and solutions and a company that acts responsibly and in accordance with the principle of sustainability.

Accompany us on our journey into the future – with your ideas and your criticism. Munich, June 2009

Peter Löscher

President and CEO Siemens AG

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Responsible, excellent and innovative – this is how we see ourselves, and this is how we want to be seen. These values are the governing principles that guide all our actions, and sustainable, profitable growth is the basis. Particularly at a time of economic crisis, both are essential – because we want to continue to be a trustworthy and reliable partner for our customers, shareholders and the soci­ eties in which we work and live.

“In the future, we intend to focus even more intensely on the oppor- tunities provided by sustainable business.”

“ We fully support the principles of the Global Compact.”

--------------------------------------------------------------------------------------------------- Siemens 2009

Ladies and gentlemen,

As our history shows, our understanding of sustainability is closely linked to our company values – responsible, excellent, innovative. From the very first, Werner von Siemens insisted that his company fulfill its responsibilities to its employees, to society and to nature. To achieve excellence, to capture leading positions in the markets of tomorrow, to develop innovative technologies that help ensure the future viability of modern civilization – this has always been our vision and our challenge.

**Sustainable development creates business opportunities**

We’re rigorously leveraging the business opportunities created by sustainable development. Our Envi- ronmental Portfolio clearly demonstrates what we’ve achieved so far: € 23 billion in revenue in fiscal

2009 and 210 million tons in CO2 reductions for our customers – these figures speak for themselves.

That sustainability is our top priority is also reflected in our company organization: our Sustainability Board, headed by Chief Sustainability Officer and member of the Managing Board Barbara Kux, provides guidance on all sustainability-related issues company-wide. Supported by our Sustainability Office and in cooperation with our newly established Siemens Sustainability Advisory Board, the Sustainability Board concerns itself with sustainability strategy, our related Sustainability Program and the monitor- ing of our sustainability-related performance. We’ve defined three concrete strategic focuses. First, to further develop and expand our Environmental Portfolio company-wide. Second, to optimize our cli- mate balance and introduce sustainability metrics for all relevant Siemens businesses. And third, to intensify dialogue with our stakeholders.

In fiscal 2009, we also assigned authority to issue company-wide guidelines in the areas of environ- mental protection, health management and safety to a dedicated organization headed by Labor Direc- tor and Managing Board member Siegfried Russwurm – a step that will also enable us to better manage this key aspect of sustainability.

**Our commitment to the UN Global Compact**

As a multinational company, we’re aware that – due to our innovative strengths and the power of our investments – we have a major responsibility for sustainable development. Our participation in the UN Global Compact testifies to this awareness. This publication is a progress report based on the prin- ciples of the Global Compact and the UN CEO Water Mandate. In the future, we’ll continue to report in this form.

**What we’ve achieved**

As you can see in this Report, we made substantial progress in a number of areas in fiscal 2009. Internal employee surveys and our top rankings in major industry indices show that our stakeholders have also drawn this conclusion. The Carbon Disclosure Project (CDP) has placed us once again on the Carbon Disclosure Leadership Index of the world’s top 50 companies. In fiscal 2009, we captured first place in the “Diversified Industrials” category of the prestigious SAM Dow Jones Sustainability Index (DJSI World). Our supply chain sustainability management program has also received recognition: We received the highest ranking in our industry in the “Standards for Suppliers” category.

**The next steps**

To achieve our goals of profitable growth and long-term value creation, we must ensure that all our activities are sustainable. And that means not only developing innovative products and solutions tai- lored to individual customer needs and requirements, but also implementing a culture of integrity that goes beyond mere compliance with laws and regulations. Industrial environmental protection, product responsibility, responsible and diversity-oriented personnel management, occupational health and safety management, the commitment of suppliers to our own high standards, corporate citizenship – in all these areas we’re redoubling our efforts to increase sustainability and make the world a better place in which to live. To you, our stakeholders, we’ll regularly report on our progress. Accompany us on our journey into the future – with your ideas and your criticism.

Peter Löscher

President and CEO of Siemens AG

Barbara Kux

Member of the Managing Board of Siemens AG

and Chief Sustainability Officer

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“Sustainability ” these days is a buzzword used in many different contexts with many different connotations. But what does it mean for a multinational company ? We at Siemens don’t just talk about sustainability. We’ve made the three areas of sustainable development – environment, business and society – the cornerstone of all our activities. In the area of environment, we’re provid- ing innovative products and solutions to improve both our own ecobalance and those of our customers and suppliers. In the area of business, we’re focus- ing on long-term value creation. And in the area of society, we’re fostering

our own employees and striving to be good citizens in all the communities

in which we are active. Although decisions in these areas are not always free of conflicting interests, we aim to make them transparent and to find the best solutions possible. The responsible use of natural resources, targeted invest- ments in future-oriented technologies that support profitable growth while offering customers competitive advantages, and a company ethic that goes beyond mere compliance with the law and places integrity at the center of business operations – these are the factors enabling us to drive sustainable development and to lay the basis for our company’s successful future.

“We’re fully committed to promoting the principles of the UN Global Compact. For us, the support and fostering of human rights, employee rights, environmental protection and the un- compromising fight against corruption are both an opportunity and an obligation.”

--------------------------------------------------------------------------------------------------- Siemens 2010

Ladies and gentlemen,

To think about tomorrow today and to make a bright future possible for the generations to come – this is our aspiration. Over the past few years, we’ve fostered the transformation of Siemens into an especially sustainable company. In 2010, our many improvements enabled us to again capture leading positions on the Dow Jones Sustainability Index and in the Carbon Disclosure Project. We’ve made a clear commitment to the ten principles of the UN Global Compact and to the goal and principles of the UN’s CEO Water Mandate for the responsible use of water – one of the world’s most precious resources.

To make our company sustainable in every respect, challenges in a wide variety of areas lie ahead of us. These include our own internal environmental targets and responsible, diversity-oriented employee policies. We’re also driving occupational health and safety management and working to commit our suppliers to our own high standards. Other key focus areas are collective action with other stakeholders for fair market conditions and clean business practices and the Siemens Integ- rity Initiative which supports projects around the world fighting corruption and fraud with a total funding volume of US$100 million over the next 15 years. A major challenge will be to further expand our Environmental Portfolio. Our goal: to generate revenue with green products and solu- tions of at least €40 billion by the end of fiscal 2014. Achieving this goal will also benefit the envi- ronment: already by the end of fiscal 2011, Siemens products will be helping customers cut carbon emissions by some 300 million tons a year. More information on our activities is provided in the second part of this Sustainability Report.

The report’s first part highlights our contributions to the sustainable development of societies worldwide by showcasing Siemens projects in several of the world’s major cities. Our products, solutions and services are strengthening the infrastructures of key urban centers and increasing the quality of life for city dwellers. As these examples show, the challenges for sustainability differ greatly from region to region around the world. It is – and will remain – our goal to master these challenges with innovative products, solutions and ideas.

The awareness of sustainability is best promoted through dialogue. To benefit from a wide variety

of external opinions, we set up a panel of international experts, the Siemens Sustainability Advisory Board, in 2010. With an idea competition and training programs, we’re also fostering our employees’ enthusiasm for sustainability-related topics and making them ambassadors for sustainability.

Accompany us on the next stages of our journey into the future – with your ideas and a critical eye. We’re looking forward to your suggestions and to continuing our mutual dialogue.

Peter Löscher

President and CEO

of Siemens AG

Barbara Kux Member of the Managing Board of Siemens AG

and Chief Sustainability Officer

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Long-term thinking can be expressed in a single figure: 135 million. That’s about how many children were born in 2010. Like the boy on our front cover, most of these young people will grow up in cities whose quality of life we decisively determine by our own present actions. It’s today’s children who will live to see if we succeed in the years ahead in rec- onciling the sometimes competing requirements

of the environment, economy and society. In fifty years, at the very latest, they’ll know if we’ve man- aged to create a genuinely sustainable economy, to permanently reduce resource consumption on our planet and to effectively limit climate change. Either way, it’s our children who’ll bear the consequences of our decisions today.

--------------------------------------------------------------------------------------------------- Siemens 2011

Ladies and gentlemen,

Governments, societies and companies faced major challenges in 2011 – challenges like Fukushima, energy transformation, the Arab spring, the debt crisis and the highest carbon dioxide emissions in history. If rigorously implemented, Germany ’s new energy policy will create opportunities for climate- friendly, environmental technologies. And it’s here that Siemens can make a difference – worldwide. The good news is that sustainability has made a great deal of progress and that it still harbors major potential. The bad news is that not enough has been done to ensure that our children will have a world worth living in over the long term. Developing sustainable solutions for a world population soon approaching the seven-billion mark requires even closer cooperation with both internal and external partners. That’s why we’ve made an express commitment to the goals and principles of the Global Compact and the CEO Water Mandate of the United Nations and why we’re active participants in orga- nizations like the World Business Council for Sustainable Development (WBSCD), the Global Reporting Initiative (GRI), the World Economic Forum (WEF) and the World Resources Institute (WRI).

Our progress toward becoming a highly sustainable company has made us optimistic. In fiscal 2011, we generated revenue of €29.9 billion – or 41% of our total sales – with our Environmental Portfolio. In the same period, our green technologies enabled customers to reduce their carbon dioxide footprint by 317 million tons – an amount equal to nearly 1% of the world’s total energy-related annual CO2 emis- sions. For this commitment and for our rigorous sustainability strategy, we were honored with the German Sustainability Award. In the Dow Jones Sustainability Index, we were again No. 1 in the Diver- sified Industrials category, having further improved our performance. And with a score of 97 out of a possible 100 points, we were among the top 500 companies worldwide in the Carbon Disclosure Lead- ership Index (CDLI) for the fourth time in a row.

External assessments like these show that we’re still on the right track. Because sustainability didn’t become a guiding principle at Siemens only yesterday – as the 40th anniversary of our Environmental Office attests. We recognized the importance of environmental protection very early on, actively foster- ing ecofriendly behavior at our Company as far back as 1971. When it comes to sustainability, we have the greatest impact now – as then – on our own activities. However, we also feel increasingly respon- sible for our entire supply chain. To show how we’re honoring this responsibility in practice, the first part of this report takes you on a journey along our value chain worldwide. An example from China illustrates how we’re helping a supplier cut his future energy costs. A stopover in Charlotte (U.S.) pro- vides an insight into the high sustainability standards we’ve set for our own activities. And a look at our work on the ICx train demonstrates how seriously we take customer retention while jointly devel- oping mobility solutions for the future.

Sustainability is our guiding principle. We’re on course, but we still have a long way to go. Constructive dialogue with our stakeholders and the Siemens Sustainability Advisory Board – a committee of lead- ing international experts – is helping us achieve our goals. To further develop our sustainability- related activities, we seek dialogue with all our stakeholders. We’re looking forward to continuing this exchange of ideas with you.

Peter Löscher

President and CEO

of Siemens AG

Barbara Kux Member of the Managing Board of Siemens AG

and Chief Sustainability Officer

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Children are our future. To pass on to them a world worth living in is our obligation. And this is where we, as a company, have a contribution to make – with innovative products and solutions and through a commitment to greater sustain­ ability in our supply chain, at our own locations and, not least, at our customers. Because sustain­ able development for the benefit of the genera­ tions to come concerns us all.