Siemens Management System differentiates between local, business and governance topics

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Local

Business

*Governance

Org Unit

*
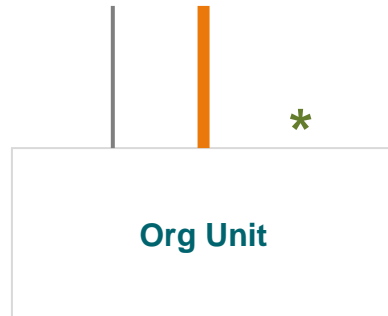
Local

Day2day administrative and legally required **local tasks** (In-Country management), e.g.:
- Signing of local labor law related documents
- Ensure local EHS and security guidelines
- Responsibility for local compliance issues
- Routing of travel expenses
- Local escalation partner
- Local governance execution
- Implementing Siemens Regulations on country-level

Unifying elements (local, non-legal entity), e.g.:
- Ms./Mr. Siemens
- Brand value generation
- B2G relations
- Business2Society
- Leadership development

Business

Business topics covering, e.g.:
- Target setting
- Target achievements
- Hiring decision
- Pay grade
- Travel approval/ ban
- Budgeting

Function examples:
- P&L:
  - Sales & business dev.
  - Sales pipeline mgmt.
- HR:
  - Recruiting # of people
  - Skill profiles for new hires
- IT:
  - Business IT applications
- CM:
  - Preparation of fairs
- Country CEO:
  - Local service provision (support function infrastructure) via ISA / SLA

Governance

Governance topics covering, e.g.:
- Governance
- Standards
- Tools
- Functional related target setting

Function examples:
- HR:
  - Recruiting process incl. respective IT tool
- IT:
  - General IT Tools (e.g. Office/ Circuit, …)
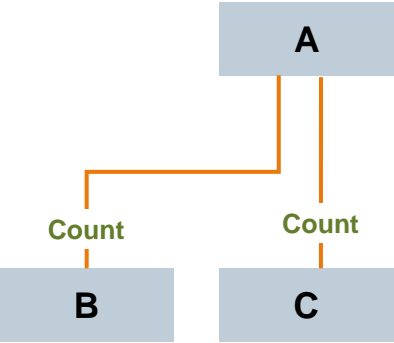- Sales:
  - Sales pipeline tools
  - MDBs/ KAMs

HC from Business reporting lines are always cumulated to node above, other reporting lines are not

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Fundamental counting rules for cumulation of HC in SOC (by type of reporting line)

Only occurs for FIN

Rule 1: Business reporting line

HC counting:
HC are cumulated to node above

Shown in SOC: Yes

```
        A
       / \
  Count   Count
   /         \
  B           C
```
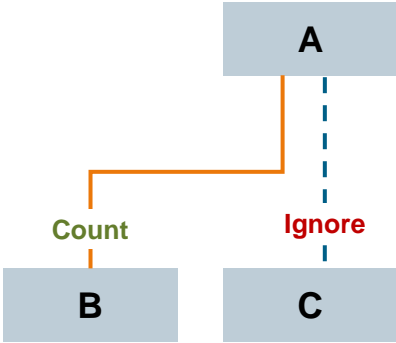
Rule 2: Governance reporting line

HC counting:
HC are **not** cumulated to node above

Shown in SOC: Yes

```
        A
       / ¦
  Count  Ignore
   /        ¦
  B         C
```
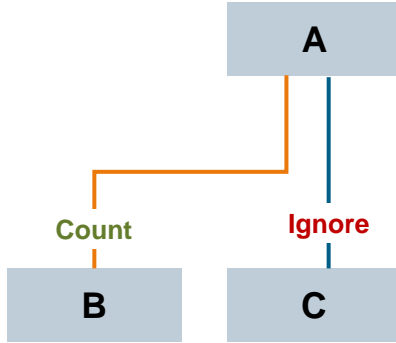
Rule 3: Local reporting line

HC counting:
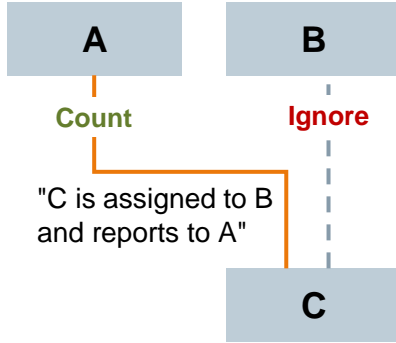HC are **not** cumulated to node above – exception see next page

Shown in SOC: Yes

```
        A
       / |
  Count  Ignore
   /       |
  B        C
```

Rule 4: 'Assigned to' reporting line

HC counting:
HC are **not** cumulated to node above

Shown in SOC: Yes

```
  A          B
   \         ¦
 Count    Ignore
     \      ¦
       C
```
"C is assigned to B and reports to A"
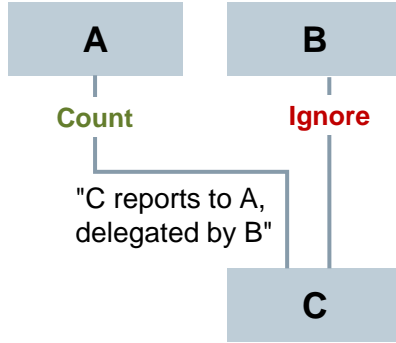
Rule 5: 'Reports to…, delegated by…'

HC counting:
HC are counted to whom they are "delegated to", **not** to whom they are "delegated by" [1]

Shown in SOC: No
(for 'delegated by…')

```
  A          B
   \         ¦
 Count    Ignore
     \      ¦
       C
```
"C reports to A, delegated by B"

1) If compliant with rules 1-4, e.g., for Business reporting lines
Source: Vision2020+ Implementation Project

Reporting lines: —— Business – – Governance —— Local --- "assigned to"

Exceptions to general rules
In special cases HC are also cumulated for local lines

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Special cases for cumulation of HC in SOC

Special case 1: Country OpCos
For all Countries

SI

DI
$A=a+b+C+d+E+F$
👤 a/A

DI HR

RC-AT [1)]
$B=b+C+d+E+F+H$
👤 b/B

RC-AT SI
👤 h/H

RC-AT HR
👤 c/C

RC-HU [2)]
$D=d+F+G+J$
👤 d/D

RC-AT DI
$E=e+G$
👤 e/E

RC-HU SI
j/J

RC-HU HR
👤 f/F

RC-HU DI
👤 g/G

Special case 2: In-country Finance
For Lead/Assigned/Branch Countries

RC-AT
$U=u+V+W$
👤 u/U

DI CFO
$X=x+Y$
👤 x/X

RC-HU
$W=w+Z$
👤 w/W

RC-AT CFO
$V=v+Y$
👤 v/V

RC-HU CFO
👤 z/Z

RC-AT DI FIN
👤 y/Y

1) Lead/Corporate Country 2) Assigned / Branch Country   **Note:** x = HC in Org box; X = total HC counted towards Org box
Source: Vision2020+ Implementation Project

Reporting lines: — Business   - - Governance   — Local

Counting examples

Divided management responsiblity(ab Segment Ebene)
- DI MC GMC FIN [1] → counted in DI MC FIN, but not in DI MC GMC

Shared Management responsibility
- Canada (SI Country):
  - Headcount of RC-CA HR → counted in RC-CA and in SI, but not in HR
  - Headcount of RC-CA SI → counted in RC-CA and in SI
  - Headcount of RC-CA DI → counted in RC-CA and in DI, but not in SI

- Austria (DI Country)
  - Headcount of RC-AT HR → counted in RC-AT and in DI, but not in HR
  - Headcount of RC-AT SI → counted in RC-AT and in SI, but not in DI
  - Headcount of RC-AT DI → counted in RC-AT and in DI

- China (Corporate Country)
  - Headcount of RC-CN HR → counted in RC-CN, but not in HR
  - Headcount of RC-CN SI → counted in RC-CN and in SI
  - Headcount of RC-CN DI → counted in RC-CN and in DI

1) DI MC GMC FIN assigned to DI MC GMC and reports to DI MC FIN