6. Compliance in Minorities

As a general rule, Siemens is not responsible for minority shareholdings, as they are considered separate legal entities.

Siemens can however be held liable for incidents in non-affiliated companies, even if Siemens does not hold a controlling interest in the company. Siemens can thus be held liable for incidents if Siemens has so called “significant control” of a minority shareholding. This requirement can be met in a number of ways, two of which are the number of shares that Siemens controls, and whether Siemens has the right to appoint a representative. However, reputational damage from incidents that happen in a minority shareholding may occur even if Siemens has a lower amount of control.

Siemens is obliged to make at least “good faith efforts” to ensure that an appropriate Compliance system is implemented in the minority shareholding and to document such efforts. These efforts are partly taken into account during the acquisition of minority shareholdings with the Compliance Due Diligence (see [Chapter I.2.2.](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-2-Business-Perspective,I.-Compliance-in-Mergers-and-Acquisitions-(M-A),I.-Compliance-in-Mergers-and-Acquisitions)). Siemens is however also required to ensure Compliance in the minority shareholding **after the acquisition**. Therefore, a necessary part of ensuring Compliance consists of the monitoring of minority shareholdings to ensure that appropriate measures can be taken if this should be necessary.

Monitoring of minority shareholdings must happen on a risk-based approach. Relevant here is the risk profile of the minority shareholding and the amount of control that Siemens has over it.

The general responsibility for monitoring Compliance in each Siemens minority shareholding lies with the relevant Siemens business / corporate function. If a Siemens representative is mandated as a board member of a minority shareholding, such Siemens representative will carry out this responsibility. Otherwise, the management of the relevant Siemens business / corporate function will be responsible.

|  |
| --- |
| Monitoring of Minority Shareholdings – Overall principles  Siemens can be held liable for criminal actions performed in a minority shareholding if Siemens has “significant control” of the company.  The relevant Siemens business / corporate function is responsible for monitoring its minority shareholdings. If Siemens has the right to appoint a Siemens representative to a minority shareholding, this representative has to fulfill this responsibility.  LC CO RFC LF M&A supports monitoring of minority shareholdings and alerts the BU Compliance Officer of findings from its SETIS search. |

## Roles and Responsibilities

### Tasks performed by LC CO RFC LF M&A

LC CO RFC LF M&A supports the Siemens business / corporate function by monitoring the minority shareholdings in the analytics platform “SETIS”. The monitoring of minority shareholdings in SETIS is performed using a predefined selection of keywords. This monitoring is performed regularly by LC CO RFC LF M&A, at least once a year. Monitoring results are archived in the SETIS tool. Potential Compliance red flags and other topics which may require further action are forwarded to the operational Compliance Officer. Upon request, LC CO RFC LF M&A will support by providing suggestions how to mitigate the identified risks.

### Tasks performed by the BU Compliance Officer

An inherent risk with regard to minority shareholdings is that they are not given the attention they require, as there may be unawareness of their existence and of who is responsible for Compliance. It is therefore important to always be aware of which minority shareholdings are within the responsibility of the respective Compliance Officer. The ARE Masterlist should be consulted to attain an up-to-date view on the minority shareholdings within each BU.

If a Compliance case, issue or topic within a Siemens minority shareholding comes to the attention of Siemens, appropriate Compliance mitigation measures should be assessed by the Compliance Officer responsible for the relevant Siemens minority shareholding and be addressed, i.e. recommended to the Siemens minority shareholding in question. LC CO RFC LF M&A offers assistance when required.

### Tasks performed by Siemens representative

In some minority shareholdings, Siemens has the right to appoint a representative to the minority shareholding. This can be a board member or a member of the management.

If such a representative is appointed, the representative has the obligation to monitor the Compliance situation in the minority shareholding. In the event of any substantial Compliance issues or topics within the minority shareholding, the representative must report this to the BU Compliance Officer. The representative will, in alignment with the BU Compliance Officer, communicate the required measures to the minority shareholding. LC CO RFC LC M&A offers assistance on request.

The Siemens Representatives will be trained with regard to Compliance monitoring within minority shareholdings by CF R 6 in cooperation with LC CO RFC CU.

## 6.2. Training & supporting documents

* [Circular No. 206 “Corporate Governance Rules for Siemens’ Equity Investments”](https://srs.siemens.cloud/" \l "/c/idd7f7" \t "_blank)
* [ARE Masterlist](https://findit.compliance.siemens.com/content/10000101/Compliance/LC_CO/LC_CO_STR_SP/findIT_LC_CO_STR_SP_4272.xlsx)

## 6.3. History of changes

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| --- | --- | --- |
| **Date** | **Author** | **Major changes of binding content** |
| April 1, 2020 | Koen Miezenbeek (LC CO RFC LF) | First Release through the Compliance Handbook. |
| Oct. 1, 2020 | Ulrich Müller (LC CO RFC LF M&A) | New: Responsibilities clarified:i.e. Responsibility for monitoring Compliance in each Siemens minority shareholding lies with the relevant Siemens business / corporate function6.1.1.: Tasks performed by LC CO RFC LF M&A  * 6.1.3. Training requirements of Siemens Representatives defined |
| Jan. 1, 2021 | Ulf Lafrenz (LC CO RFC LF M&A) | Minor formal changes. |

## 6.4. Contacts

* **Compliance Officer**

The Compliance Officer responsible for your unit can be found through the following [link](https://intranet.for.siemens.com/cms/059/de/about/org/Pages/compliance_organization.aspx" \t "_blank).

* **Corporate Governance Owner**

The contact person for monitoring of minority shareholdings is

Ulrich Müller (LC CO RFC LF M&A)