8. Compliance Due Diligences and Approvals

The most important aspect in all Compliance matters is to follow our principles. The focus lies on everyone’s judgement and self-responsibility. However, Compliance prevention also requires additional processes and measures; due diligences and approvals are the most frequent ones. Please also refer to [Siemens Circular No. 226](https://regulations.siemens.com/content/sc/226/en) for an overview of all other major Compliance related obligations.

Compliance Due Diligences

The prevention of Compliance incidents has an overall similarity throughout the different Compliance topics: the need for transparency. Only a sufficient transparency puts Siemens in the position to assess the risks connected with a third party or a transaction. Therefore, the common approach for most Compliance topics is the performance of some kind of “due diligence”.

The link between processes for Business Partner, Anti-Money-Laundering and Human Rights will be a common Due Diligence Tool in the future. But also Export Control requires inter alia checks of the end-user and the end-use of the Siemens product.

Approvals

Approvals are additional safeguards to involve a second opinion and to set a certain standard for the justification of a certain intended behavior or action. They are often integrated in due diligence processes but may also appear separately, e.g. in the area of Gifts and Hospitality.

Information only

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## 8.1. Compliance Due Diligences

Below you can find an overview of the most important Compliance due diligence processes. Please keep in mind that the binding content regarding those processes is contained in the respective chapter of the corresponding Compliance Activity Field.

* Business Partner

A **Business Partner Compliance Due Diligence** (Chapter [A 4.A.4](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-1-Activity-Fields,A.-Anti-Corruption,4.-Cooperation-with-Business-Partners,A.-Relevance-for-Business,A.4.-Compliance-Due-Diligence-(CDD)).) has to be initiated in the [CDD Tool](https://compliance-tools.siemens.com/due-diligence/) by anyone intending to make business with the following types and certain **contract provisions** ([Chapter A 4.B.5.)](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-1-Activity-Fields,A.-Anti-Corruption,4.-Cooperation-with-Business-Partners,B.-Relevance-only-for-Legal-and-Compliance,B.5.-Contract-Provisions) need to be included in a contract with them:

* **Intermediaries** 
  + **Sales-related Intermediaries**, e.g. Sales Agents, Business Consultants;
  + **Non-sales related Intermediaries**, incl. Lobbyists and Customs Agents.
* **Resellers with Red Flags** 
  + **Value-add Reseller**, e.g. EPC, OEM / System Integrator;
  + **Distributor / other Reseller**.
  + For these Resellers, a Compliance Due Diligence or the use of certain contract provisions is only mandatory in case of one of the following **Red Flags**:
    - The use of the specific Reseller is required by a third party, e.g. an end customer;
    - The Reseller receives an unusual financial benefit or business term from Siemens;
    - The Reseller places another third party between himself and his customer without plausible cause;
    - The Reseller raises integrity concerns based on information from a reliable source.
* **Cooperation/Consortium Partners**
* Compliance in Projects

A Compliance Risk Assessment incl. a Compliance Due Diligence has to be conducted in [project sales](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-2-Business-Perspective,H.-Compliance-in-Business-Processes-and-Projects,1.-Compliance-in-Project-Business) (Chapter H 1.2.1.) and [project execution](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-2-Business-Perspective,H.-Compliance-in-Business-Processes-and-Projects,1.-Compliance-in-Project-Business,1.3.-Compliance-in-project-execution,1.3.1.-Projects-in-scope) (Chapter H 1.3.1.) if certain trigger criteria are fulfilled.

* Anti-Money-Laundering

In case of an indication of money laundering or terrorism financing (“**AML Red Flag**”, [Chapter C.1.)](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-1-Activity-Fields,C.-Anti-Money-Laundering-(AML),1.-AML-Red-Flags) in relation to a Counterpart, its Business Model, the Transaction / Financing e.g.

• **Unusual or implausible business activities or**

**• Indications for disguising the source of funds and/or involved persons**

or even a concrete suspicion of money laundering or terrorism financing, the responsible Compliance Officer must be informed and **an AML-specific Due Diligence (AML DD)** must be performed ([Chapter C. 2.)](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-1-Activity-Fields,C.-Anti-Money-Laundering-(AML),2.-AML-Due-Diligence) before entering into, or continuing with a business relationship or performing any transaction with a Counterpart.

Where required by local / sector specific AML regulations, additional or deviating measures might have to be taken (Chapter C.3.).

* Human Rights

A Human Rights due diligence as a module of the assessment of compliance risks within the [LoA process](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-2-Business-Perspective,H.-Compliance-in-Business-Processes-and-Projects,1.-Compliance-in-Project-Business,1.2.-Compliance-in-project-sales,1.2.1.-Projects-in-scope-for-LoA-CRE) (Chapter H. 1.2.1.) has to be performed if certain trigger criteria are fulfilled. Please see chapter Chapter [E 5.](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-1-Activity-Fields,E.-Human-Rights,5.-Human-Rights-Project-Due-Diligence) for more details.

* Procurement

The incorporated compliance check in the supplier registration of SCM STAR/PEGA SMDM on global layer level consists of the Business Partner (BP) check (Chapter [A 4.A.4](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-1-Activity-Fields,A.-Anti-Corruption,4.-Cooperation-with-Business-Partners,A.-Relevance-for-Business,A.4.-Compliance-Due-Diligence-(CDD)).) and an assessment of an AML risk ([Chapter C. 2.)](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-1-Activity-Fields,C.-Anti-Money-Laundering-(AML),2.-AML-Due-Diligence).

* Export Control

The company application DAMEX must be used to evaluate what restrictions are applicable for a business transaction:

* DAMEX-E (End-Use Check)

Questions about ultimate destination, end use and other warning indicators. Military and nuclear use, deliveries to certain persons, companies and organizations and certain services, such as technical support, may be subject to restrictions in the form of prohibitions and compulsory licensing.

* DAMEX-P (Product-Specific Check)

Goods-related check at item level determining a possible license requirement fort the export of the respective item (commodity, software, technology)

* DAMEX-SPS (Sanctioned Parties Screening)

Contains various lists of sanctions of the respective national, European and US authorities.

Please see Chapter [F. Export Control](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-1-Activity-Fields,F.-Export-Control) and the [Internal Control Program Export Control (ICP EX)](https://intranet.for.siemens.com/wll/0067/en/9_apps/damex/gen/Pages/tab.aspx) for details.

Information only

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## 8.2. Approvals

Below you can find an overview of the most important approvals outside of due diligence processes. Please keep in mind that the binding content regarding those processes is contained in the respective chapter of the corresponding Compliance Activity Field.

* Gifts & Hospitality (Chapter [A 1.](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-1-Activity-Fields,A.-Anti-Corruption,1.-Gifts-and-Hospitality))

In addition to our general principles:

* A prior [SpoDoM-Approval](#_1.3._Approval_for) is required for offering or granting invitations to [Entertainment Events](#_1.2.2._Entertainment_Events*), reimbursement of [Lodging or Non-Local Travel Costs](#_1.2.3._Travel_and), or Other Contributions without Consideration
  + to Government Officials and their Related Parties, Government Entities, Healthcare Providers, members of a purchasing department or beneficiaries that are involved in important business decisions ([Risk Groups](#_1.3._Process_and)),
  + if no [exception](#_1.3._Process_and) applies.
* No SpoDoM-Approval is required for offering or granting [Gifts and Meals](#_1.2.1._Gifts_and), reimbursement of [Local Travel Costs](#LocalTravel), or for accepting [Benefits](#_1.2._Types_of).
* [Gifts of money](#_1.2.1._Gifts_and) are prohibited unless a prior written approval of the Compliance Officer is granted.
* SpoDoM (Chapter [A 2.](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-1-Activity-Fields,A.-Anti-Corruption,2.-Sponsoring,-Donations,-Memberships))

To bundle Sponsoring Activities, Donations, Charitable Contributions and Memberships in line with the relevant strategic objectives, to create transparency, to ensure compliance with all applicable statutory regulations and to strengthen control over the associated costs, Siemens has implemented the SpoDoM tool for registering and approving the activities.

* Investments in third-party companies ([Chapter A.5.1.3](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-1-Activity-Fields,A.-Anti-Corruption,4.-Conflict-of-interest,4.1.-Typical-constellations,5.1.3.-Relations-to-third-party-companies:-Investment))

Conflicts of interest can also arise in the case of direct or indirect investments in third-party companies or other forms of influence on a company. Such investments may require Siemens` approval.

* Procurement ([Chapter H.2.)](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-2-Business-Perspective,H.-Compliance-in-Business-Processes-and-Projects,2.-Compliance-in-Procurement)

In case a supplier insists on changes/deletions to the **Corporate Responsibility contract clause/declaration or to the Code of Conduct,** exceptions can be granted according to the Escalation Process. The Compliance Officer is part of the approval process for exceptions according to the [Escalation Process (Chapter H. 2.2.2).](https://webbooks.siemens.com/public/LC/chen/index.htm?n=Part-2-Business-Perspective,H.-Compliance-in-Business-Processes-and-Projects,2.-Compliance-in-Procurement,2.2.-Code-of-Conduct,2.2.2.-Deviations-from-CoC:-Escalation-process)

* Further approvals to be included

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## 8.3. History of changes

|  |  |  |
| --- | --- | --- |
| **Date** | **Author** | **Major changes of binding content** |
| Oct. 1, 2020 | Yvonne Hamm-Düppe | Structural change from former Part 2 G. to Part 2, chapter H.8.  Chapter 8.2. Investments in third-party companies approval added |

## 8.4. Contacts

* Compliance Officer

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

* Corporate Governance Owner

[Yvonne Hamm-Düppe](https://scd.siemens.com/luz/IdentitySearch?cn=hamm-dueppe&suchart=schnell&utI=I&utX=X&utT=T&rtH=H&rtS=S&rtZ=Z&rtO=O&rtAktiv=A) (LC CO RFC LF)