2. Compliance Review Board

Management's responsibility also includes regularly and systematically reviewing and evaluating the effectiveness of the Compliance System in conjunction with the Compliance Officer in a Review Board (see [SC 226 Management responsibility](https://srs.siemens.cloud/#/c/fs8o2k)).

The “Compliance Review Board” (CRB) must be performed by COs of Businesses, Governance & Service Units and Lead Countries for each quarter of the company’s fiscal year, **covering the Company Unit performing the CRB and all Company Units assigned to it**. The CRB is also performed by the Managing Board of Siemens AG. The CRB must be established via a charter and must be held in person either separately or together with another management meeting.

This section defines mandatory requirements for the setup and performance of a CRB with the aim of

* improving compliance efficiency by using a risk-focused approach and raising awareness on the relevant topics and developments.
* further strengthening collaboration and a qualitative dialog between management and Compliance Officers in the Company Units.
* supporting the systematic and periodic management review of the implementation of the Compliance System, taking into consideration the respective (local) environment and risks and enabling related decision-making.

## 2.1. Applicability

This section applies to a CRB performed by the Company Units as set out in the following. It is not applicable to a CRB with the Managing Board and the Compliance Committee of the Siemens AG Supervisory Board.

A CRB must be performed by COs of Businesses, Governance & Service Units and Lead Countries for each quarter of the company’s fiscal year.. The Chief Compliance Officer may determine exclusions, such as a lower frequency for selected Company Units.

**A CRB covers the Siemens Company Unit performing the CRB, including all Company Units assigned to it. An overview of the units, covered by the CRB, shall be at least provided in the back-up presentation slides (ARE based).**

The Compliance Officer of a Company Unit may determine the performance of a CRB in the units assigned to the respective Company Unit (e.g. Business Units, Assigned Country or Portfolio Company); the performance of a CRB in assigned countries with a Compliance Officer on-site is recommended. This instruction is also applicable to a CRB performed in such assigned Company Units.

## 2.2. Performance of a CRB

The minimum mandatory participants of a CRB are the CEO/Head – who chairs the CRB – together with the CFO, the General Counsel and the Compliance Officer of the Company Unit performing the CRB.

A CRB should be held no later than six weeks following the end of the respective quarter.

As a general rule, a CRB is held in person either separately or in conjunction with a management meeting performed for other reasons. It is also possible to hold other compliance-related management meetings in conjunction with a CRB. If a mandatory participant is unable to attend in person and a postponement of a CRB is not feasible, remote attendance is possible via telephone conference or Circuit Meeting, for example.

The Compliance Officer prepares the compliance review (= CRB presentation).

Each CRB is documented by separate written minutes, including the list of participants, decisions made, action items, and the compliance review.

## 2.3. Content of a CRB

Mandatory topics for the Compliance Review Board

A CRB must cover the mandatory topics stated in the table below, which must be reported by COs of Businesses, Governance & Service Units and Lead Countries either for each quarter or only for selected quarters of the company’s fiscal year. They can be presented in a qualitative and/or quantitative way. If not specifically requested by LC CO RFC, the topics may be reported in any style.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | | | |
| **Mandatory topics** | **Q1** | **Q2** | **Q3** | **Q4** |
| **Compliance cases incl. EX** | **o** | **o** | **o** | **o** |
| **Business partners** | **o** | **o** | **o** | **o** |
| **Compliance Risks** | **o** | **o** | **o** | **o** |
| **Export Control** | At least once a year,  if relevant more frequently/quarterly | | | |
| **Data Privacy** | At least once a year,  if relevant more frequently/quarterly | | | |
| **Compliance Communication strategy and plan** | At least once a year,  if relevant more frequently/quarterly | | | |
| **Compliance Training** | At least once a year,  if relevant more frequently/quarterly | | | |

### Compliance cases

|  |  |  |
| --- | --- | --- |
| **Topic** | **Compliance cases**  Development of central and local cases, trends and mitigation measures, disciplinary sanctions | |
| **Frequency** | Quarterly | |
| **Content** | **Topics** | **Description** |
| Case development | Cases open at the end of the previous quarter, additional cases in the present quarter, closed cases in the present quarter, open cases by the end of the present quarter; cases >9 months old |
| Progress phase | Pre-evaluation, clarification, remediation |
| Key issues and significant trends | Please give information corresponding to the key compliance issues that have been detected in the cases, such as issues concerning a specific sales channel or department. |
| Mitigation measures | Please list the significant mitigation measures that have been implemented to mitigate risks detected during the clarification of cases, such as activities concerning an entire department, several units (AREs) or the Regional Companies (RC); measures concerning a sales channel or a certain business type; activities that require an analysis or review of local policies, systems or tools, and so on. |
| Disciplinary sanctions | Sanctions for non-compliant behavior |

### Export Control

|  |  |  |
| --- | --- | --- |
| **Topic** | **Export Control** | |
| **Frequency** | Once per year | |
| **Content** | **Topics** | **Description** |
| Monitoring ICP Compliance | * Status of MONA self-assessments (Spot Checks) * Detected violations of export control and  sanctions regulations * Results of external and internal audit * Status of issued remediation actions |
| Processes | * Relevant changes in national export control legislation * Regulatory changes with significant Impact on Siemens business * Status of implementation of Siemens global Internal Control Program (ICP IST), including country-specific Export Control regulations * Initiated measures to ensure sustainable correct partner screening process |
| Focus Risk Topics | * Relevant business with critical countries and with critical end-use (as per the ICP EX) * EX measures for e-business (e.g. online shops), software and technology transfer |

### Business partners

|  |  |  |
| --- | --- | --- |
| **Topic** | **Business partners** | |
| **Frequency** | Quarterly | |
| **Content** | **Topics** | **Description** |
| Management awareness  regarding responsibility | * reporting of significant changes in the BP portfolio (e.g. new high-risk BPs) * reporting of significant allegations of specific BPs (e.g. cases, press releases) * Audit findings regarding BPs |
| Business Partner landscape and environment | * e.g. review of need for the relationship/performance of BP, planned on-site visits (Compliance on site check), |
| Focal points/  red flags | * BPs from other units * Highest-risk BP relationships |

### Compliance Communication strategy and plan

|  |  |  |
| --- | --- | --- |
| **Topic** | **Compliance Communication strategy and plan** | |
| **Frequency** | Once per year | |
| **Content** | **Topics** | **Description** |
| Prozesse | * Implementation and localization of global Communication strategy and plan including:   + internal and external target group communication   + Tone from the Top * Reporting on implementation status previously aligned communication activities |

### Data Privacy

|  |  |  |
| --- | --- | --- |
| **Topic** | **Data Privacy** | |
| **Frequency** | Once per year | |
| **Content** | **Topics** | **Description** |
| Cases and legal development. Business impact | * Cases within Siemens or other data breaches * New data privacy requirements * Results from internal audits * Business relevant questions of customers in regard to data privacy |

### Compliance Training

|  |  |  |
| --- | --- | --- |
| **Topic** | **Compliance Training** | |
| **Frequency** | Once per year | |
| **Content** | **Topics** | **Description** |
| For Lead Country COs:  2-year training roadmap | * 2-Year training roadmap incl. regional training landscape (global and local mandatory activities) and status of training activities. Approval needs to be documented in CRB minutes. * After one year: Interim review after one year: Implementation status and identified need for adaptations necessary for the following FY and approval of adaptations * After 2 years: Evaluation of complete implementation of the training roadmap and introduction of new training roadmap |
| For: Siemens Businesses (SI, DI, SMO), Service & Governance CO: CO training landscape | * Presentation of CO training landscape, incl. global mandatory activities and specific training needs according to current business risks |

### Compliance Risks

|  |  |  |
| --- | --- | --- |
| **Topic** | **Relevant Compliance Risks, Mitigation and Remediation Measures** | |
| **Frequency** | Quarterly | |
| **Content** | **Topic** | **Description** |
| Compliance Risks | Compliance Risks should be reported on a quarterly basis.  There are generally no restrictions regarding the selection of the risk topic(s) (overview of all risks or focus on one specific risk). (Re)emerging Risks[[1]](#footnote-1) should be considered as well. |
| **Apart from reporting specific risks, following topics can be considered:** | |
| Status of risk mitigation (CRA and ERM) | Report on the implementation status of the measures planned to mitigate identified risks resulting from continuous monitoring, CRA and ERM. |
| Feedback Awareness Topics | Statement on the applicability of the awareness topics (risk) based on the evaluation in the area of responsibility, including specific identified risks and planned mitigation measures. [Find the link here](https://compliance.siemens.cloud/c_risk.html) |
| CCP | Status of remediation of deficiencies. |

### Optional topics

Optional topics are important topics that can and should be reported in a CRB when applicable and if necessary, at the discretion of the Compliance Officer. The Compliance Officer decides whether to include a topic, taking into consideration his or her own observations or inputs from relevant internal sources – such as the results of a CRA workshop, case-related or audit findings – and external developments. The CEO/Head of the Company Unit may also decide to include further topics. It is recommended that such decisions be documented in writing together with the key considerations.

The following table contains a non-exhaustive list of optional topics and a proposed frequency for the CRB. The topics can be presented in a qualitative and/or quantitative way, and any reporting style may be chosen.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Proposed frequency** | | | |
| **Optional topics** | **Q1** | **Q2** | **Q3** | **Q4** |
| Anti-money laundering | o | o | o | o |
| Collective Action | o |  | o |  |
| Competition and compliance (Antitrust) | o | o | o | o |
| Compliance communications |  | o |  | o |
| Compliance Control Program |  |  | o |  |
| Compliance in minority investments | o |  | o |  |
| Gifts and hospitality | o | o | o | o |
| Human Rights | o |  | o |  |
| Mergers and acquisitions |  | o |  | o |
| Permanent establishments | o |  | o |  |
| Procurement, purchasing and payments | o | o | o | o |
| Project management (sales and execution phases) |  | o |  | o |
| Rules, regulation and circulars | o | o | o | o |
| Results of the Siemens Global Engagement Survey for the Integrity & Compliance category |  |  | o |  |
| SpoDoM (compliance-related topics) | o |  |  |  |
| Significant developments in the regulatory environment (OpCos/: market segment; Regions/Countries: local regulations; Corporate: area/function, e.g. labor law) |  | o |  |  |

If you have any questions regarding the optional topics, please contact the corresponding governance owner directly.

## 2.4. CRB charter

The Compliance Officer, in consultation with the CEO/Head of the respective Company Unit, may further specify or extend the requirements of this section for the performance of a CRB (such as further mandatory participants beyond those determined in section 3 of this section, preparation or frequency, mandatory stand-alone performance).

Such determinations must be included in the CRB charter of the respective Company Unit.

The CEOs/Heads of the Operating Companies, Service Companies, Corporate Development departments, Governance departments, Corporate Countries and Lead Countriesmust establish a CRB charter either with unlimited validity or for a specific fiscal year.

At the very least, the CRB charter must define

• the purpose of the CRB,

• the mandatory participants and their roles,

• the general coverage of the CRB as stated in section 2 of this section,

• the mode and frequency of performance,

• the documentation of a CRB,

• and the requirement to document decisions made and action items defined in a CRB.

## 2.5. Submission of CRB documents

Information will be updated soon. In case of questions please contact [ines.zins@siemens.com](mailto:ines.zins@siemens.com).

## 2.6. Exceptions

The Chief Compliance Officer may approve deviations to the requirements contained in SC 226, Chapter 4.6 or this section if requested by a Compliance Officer. The deviations should be included in the CRB of the following quarter and the information of approval should be provided. (Information will be updated soon. In case of questions please contact [ines.zins@siemens.com](mailto:ines.zins@siemens.com).)

In case of shifting mandatory topics from CRB Q3 to the following FY, a status report of the [mandatory topics](#_2.3._Content_of) should be provided.

## 2.7. Training and supporting material

## 2.8. History of changes

|  |  |  |
| --- | --- | --- |
| **Date** | **Author** | **Major changes of binding content** |
| January 1, 2019 | Ines Zins, (LC CO GR CAS) | First release through Compliance Handbook based on Siemens Circular SC No.226 “Global Compliance”, Appendix 8. |
| April 1, 2019  March 31, 2020 | Ines Zins (LC CO GR CAS)  Ines Zins (LC CO RFC CA) | Editorial changes concerning the reorganization of the company.  Deletion of mandatory topic 'High risk payments' |
| October 1, 2020 | Ines Zins (LC CO RFC CA) | Implementation of new mandatory topics and frequency as defined in the Fresh Eyes Project. |

## 2.9. 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

The contact person for Compliance Review Boards is:

[Ines Zins](https://scd.siemens.com/luz/IdentitySearch?tcgid=Z003A3VJ&output=print&lookUp=yes) (LC CO RFC CA)

1. Please consider a (re)emerging risk as a change or increase of known (familiar) risks or risks that become apparent in new or changed conditions e.g. new technologies, regulatory changes, economic pressure. E.g., local corruption cases might increase due to competitive business environment post corona crisis.

   As a general guidance you might consider to evaluate the following areas to facilitate discussions over potential (re) emerging risks.

   * **Business strategy**: Internal changes as entering in unfamiliar business fields by acquiring new business (M&A) or developing new products (R&D); developing new sales objectives (entering in **new** markets, getting critical customers, doing business with new critical/risky countries, developing new business models, associating with new third parties); Organizational changes (decentralized structures operating in many locations and delegated decision-making authority).
   * **Business external environment:** External influences beyond the control of the organization, e.g., changes in the economic environment, new global technologies and highly competitive environments.
   * **Regulatory environment**: An external influence and more relevant to compliance risks, all applicable statutory, regulatory, contractual and professional obligations and duties. E.g., the amount of government oversight and law enforcements, fines imposed and cases prosecuted.
   * **Compliance and Risk Management Culture:** Management and employees commitment to risk management process, bonus culture that might reward excessive risk taking, clean business decission making, messages and attitudes towards risk identification activities and mitigation strategies of risks, changes in mechanism for internal risk assessments and compliance incidents records and treatment.
   * **People awareness and skills**: Deficiencies in employee training, skills and knowledge, available assigned resources and management oversight over compliance topics.

   [↑](#footnote-ref-1)