

2.3

Partnerships and collaborations for sustainability

17 PARTNERSHIPS FOR THE GOALS



- **Close networking and cooperation with our stakeholders**
- **Partnerships are key to sustainable development and business success**
- **Siemens is an active member of numerous business associations and organizations**

As a company that operates globally, we partner in a variety of ways with a very diverse set of players. Our efforts here are in line with SDG 17, which calls for a revitalized, strengthened global partnership that brings together governments, civil society, the private sector, the United Nations, and other entities.

Only by collaborating closely with stakeholder groups can we make serious progress on complex and intertwined sustainability challenges such as environmental concerns. We maintain a constant dialog for that purpose with investors, customers, suppliers, our people, communities, policymakers, media, nongovernmental organizations, business organizations, and academia. Our management and the relevant specific units with governance functions are in charge of this task. For example, overall responsibility for dialog with policymakers lies with the Siemens Managing Board. Within the various business units, the unit's CEO is responsible for coordinated dialog. The Managing Board has tasked the Government Affairs Department with performing the necessary coordination duties and has given it the powers it needs for the purpose.

This engagement with our stakeholder groups creates value on all sides of the equation through exchanges of knowledge and information, as well as through creative partnerships. It helps us improve business conditions and reduce both external and internal risks. Our new DEGREE sustainability framework is also founded on dialog with our customers, investors, suppliers, and our people, and with society at large, and on acknowledging the impact our business has on the planet. This new framework thus represents a 360-degree stakeholder approach.

In dialog with politics and society

As a global company, we work with our customers to find innovative solutions to some of the most pressing issues facing the planet. For that reason, dialog with policymakers is intrinsic to our social responsibility and is of tremendous importance to our success as a company. We base the priorities of our political activities on our business strategies and innovation fields.

Our advocacy activities focus on the following topics and policy areas, among others: cybersecurity, digitalization (including Internet of Things/IoT and artificial intelligence/AI), decarbonization and climate change action, energy, R&D, and trade policy, as well as connected and automated mobility for rail and road. We have joined forces with leading companies from around the world to establish the Charter of Trust, which aims to make the digital world safer and more secure.

[WWW.CHARTEROFTRUST.COM](https://www.charteroftrust.com)

Furthermore, we support the goal of achieving a carbon-neutral Europe by 2050 – announced as part of the European Green Deal – through a variety of commitments, including our active memberships in the European Alliance to Save Energy (EUASE.NET) and the [EUROPEAN GREEN DIGITAL COALITION](#).

As part of the European Green Deal, “fit for 55” is an important – and tangible – step toward the goal of reducing carbon emissions by 55% until 2030 and achieving complete climate neutrality by 2050. The proposed measures establish conditions under which companies can now make long-term plans. A fair and reasonable carbon price will accelerate the embrace of low-carbon technologies, and should thus extend to as many sectors as possible so as to encourage the transition to a carbon-neutral economy. Siemens will continue to do its part here – because we have the necessary technologies and knowledge to reduce CO₂ emissions and energy consumption, and to conserve resources.

Our political involvement is guided by firm principles. We are politically neutral and take a zero-tolerance approach to corruption, violations of fair competition principles, and other breaches of applicable law and internal regulations. Siemens does not make political donations and contributions (donations to politicians, political parties, or political organizations). All contributions that support purely political purposes or the representation of political interests, such as election events for political campaigns, are prohibited by our internal guidelines.

Engagement in associations and organizations

In addition, Siemens is a member of numerous business associations and similar organizations, some of which advocate for their members’ interests in the political arena. Selected examples of the most important memberships in our three core markets (the European Union, the United States of America, and China) are: the International Chamber of Commerce (ICC), the VDMA

(Verband Deutscher Maschinen- und Anlagenbau e.V.), the German Electrical and Electronic Manufacturers’ Association (ZVEI), the European Round Table for Industry (ERT), the U.S. Chamber of Commerce, and the European Chamber of Commerce in China (EUCCC). More information on political activities at Siemens can be found here: <https://new.siemens.com/global/en/company/about/corporate-functions/government-affairs.html>

We also work closely with the Organization for Economic Cooperation and Development (OECD), the United Nations, the European Union, and the World Economic Forum (WEF). We are involved in various initiatives of the WEF, such as the Partnering Against **Corruption** Initiative (PACI) and the WEF CEO Climate Leaders Coalition.

We cooperate as well with the United Nations, for instance as part of our commitment to the Ten Principles of the United Nations Global Compact (UNGC). When it comes to environmental issues, we support the United Nations Framework Convention on Climate Change (UNFCCC) and the UN climate conferences and we are actively involved in the CEO Water Mandate. Furthermore, we have joined the World Bank’s Carbon Pricing Leadership Coalition (CPLC), and we advocate for the global introduction of carbon pricing. We are additionally committed to the UNGC Women’s Empowerment Principles and have signed the Diversity Charter, an initiative by the German government.

For years, we have supported One Young World (OYW), a non-profit organization that champions young business leaders around the globe in order to build a better world with more responsible, more effective leadership. At the 2021 OYW Summit in Munich, we celebrated ten years of our CEO’s’ involvement with the organization and we supported this event again in 2022, when it was held in Manchester, by sending more than 40 of our colleagues to attend.

2.4

Sustainability ratings reflect our performance

- Our engagement is recognized in a number of ratings and rankings
- This helps continuously improve our sustainability performance
- It also strengthens the Siemens brand and enhances the satisfaction of our people

Our commitment to sustainability is widely recognized in a variety of significant ratings and rankings. This recognition corroborates the wisdom of our sustainability strategy, and at the same time it also provides us with a yardstick for continuous improvement.

We actively involve ourselves with external ratings and rankings as a way of measuring our performance against similar companies and competitors. There are four reasons why this engagement is important to us:

1. Markets and customers increasingly want information about ratings and rankings and they have begun to require these assessments as part of their contract terms.
2. Investors are increasingly developing their own ratings and rankings to assess companies' sustainability performance.
3. We want to be able to measure our performance against that of peers and competitors so that we can initiate the right steps for improvement and detect important trends in sustainability.
4. Good results in relevant, acknowledged ratings strengthen the Siemens brand and enhance the satisfaction of our people.

Siemens' sustainability performance has received recognition in external ratings and rankings



Rating highlights



Cybersecurity program



Innovation management



Customer relationship management



Green products and service/ecodesign



Compliance management system

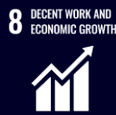


Environmental management system

¹ High risk exposure is in line with the industry average.

Governance

Responsible Business Practices



Ethics

Foster a culture of trust, adhere to ethical standards, and handle data with care

Our key ambitions:¹

- Striving to train 100% of our people on Siemens' Business Conduct Guidelines every three years

Additional topics:

- Zero-tolerance approach to breaches of applicable laws and our own internal guidelines
- A global, risk-based compliance system
- Aiming for a leading role in cybersecurity

Governance

Apply state-of-the-art systems for effective and responsible business conduct

Our key ambitions:¹

- ESG-secured supply chain based on supplier commitment to the Supplier Code of Conduct
- Long-term incentives based on ESG criteria²

Additional topics:

- Focus on human rights within supply chain: climate protection, occupational safety, and responsible sourcing of minerals
- comprehensive environmental and social due diligence in customer business (ESG radar)

¹ Siemens without SHS.

² Assessment based on Siemens-internal ESG-/sustainability Index, based on customer satisfaction (Net Promoter Score), CO₂ reduction, training hours.

3.1

Compliance and Ethics



- Zero-tolerance approach to breaches of applicable laws and our own internal guidelines
- A global, risk-based compliance system
- Ethics and integrity form the basis for sustainable business practices

At Siemens, we take a zero-tolerance approach to **corruption** and other breaches of applicable laws and of our Business Conduct Guidelines (BCGs). We operate on the premise that only clean business is Siemens business. If violations do occur, we respond consistently and vigorously following defined procedures, everywhere in the world and on all organizational levels.

We are also convinced that responsible business practices, in addition to compliance with laws and regulations, require that we act on the basis of ethical principles. Siemens has enshrined its ethical principles in its BCGs, which all employees are bound to follow. Our aspiration is to support the sustainable development of Siemens and the societies in which we operate by adhering to responsible business practices. We have also enshrined this approach in our DEGREE Framework under the letter “E” for Ethics. [➤ STRATEGY](#) [➤ SIEMENS AT A GLANCE](#)

Our compliance organization contributes in particular to the achievement of the UN’s Sustainable Development Goal (SDG) 16, “Peace, Justice and Strong Institutions.” That goal includes a call for companies to dramatically reduce corruption and bribery in all their forms.

Worldwide commitment to fighting corruption

Beyond our company’s borders and in collaboration with other international and national organizations we are committed to fighting corruption and promoting fair competition in our markets. This is also reflected in our Collective Action activities. Part of that engagement is our commitment to the United Nations

“We help our customers and partners around the world drive their digital and sustainable transformation. Without excuses or exceptions, we always act ethically, legally, and with the highest integrity.”

CEO Roland Busch

Global Compact (UNGC) and our involvement in the World Economic Forum and its Partnering Against Corruption Initiative (PACI). In addition, we actively support the United Nations Convention against Corruption and the Anti-Bribery Convention of the Organization for Economic Cooperation and Development (OECD). For years, we have been supporting the implementation of these Conventions as part of Business 20 (B20).

The Ten Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and other guidelines are a foundation for our companywide work in this domain and are also enshrined in our code of conduct, the Siemens BCGs, that provide direction for all our activities. [📄 BUSINESS CONDUCT GUIDELINES](#)

Siemens and its roughly 311,000 employees operate in many different countries throughout the world with customers in both the private and public sectors that serve a vast array of industrial sectors. Our global business operations are governed by numerous national legal systems and a variety of political, social, and cultural settings, which are constantly changing. Accordingly, the environment where Siemens conducts its business, and thereby carries out its compliance activities, is correspondingly complex.

The Siemens compliance system

Our BCGs contain the fundamental principles and rules for our conduct, both within Siemens and in our relationships with our customers, external partners, and the general public. They also serve as an expression of our values and lay the basis for detailed internal regulations. The BCGs are binding for all Siemens employees around the world.

The goal of compliance at Siemens is to ensure that our business practices worldwide comply with the BCGs and follow applicable laws. The areas of activity of our compliance organization include:

- Anti-corruption,
- Anti-money laundering,
- Antitrust,
- Data privacy,
- Export control,
- Collective Action,
- Human rights.

Siemens maintains a comprehensive compliance system based on the three pillars of prevention, detection, and response to ensure compliance within the company.

Preventive measures include compliance risk management, the preparation of topic-specific guidelines and procedures, the incorporation of compliance requirements into our business processes, and the provision of comprehensive training and advice to our people. Channels for reporting compliance violations – such as the “Tell Us” whistleblower system and the Ombudsperson as well as professional and fair investigations – are indispensable for recognizing and completely resolving matters of misconduct. Unambiguous responses and clear consequences serve to punish misconduct and eliminate weaknesses. To ensure that our compliance system is put into action and meets our requirements everywhere in the world, our internal audit department continuously performs compliance controls and audits.

One of the key components of this compliance system is the responsibility of our management. That is why the global Legal and Compliance department is directly assigned to the Chairman

➤ HUMAN RIGHTS ➤ CYBERSECURITY AND DATA PRIVACY

Siemens compliance system



of the Managing Board as a governance function. Our Chief Compliance Officer delivers quarterly reports directly to the Managing Board and Supervisory Board of Siemens AG.

The global structure of the compliance organization combines strong Group-level governance with the work of qualified compliance officers who ensure that the compliance system is implemented worldwide. They work closely with employees and managers, who assume personal responsibility for compliance within their respective business units.

The entire management team has to act on our commitment to compliance and ensure that all business decisions and transactions that fall within their area of responsibility comply with both the relevant legal requirements and our own values and company guidelines. Siemens managers demonstrate a strong commitment to compliance and ethical conduct.

Compliance-related questions are included in the annual Siemens Global Employee Survey in order to evaluate the effectiveness of the compliance system within the company. We also use the survey to gain a better understanding of the degree to which ethical conduct is embedded in our corporate culture. The results of last year's survey show high approval rates relative to the perception and awareness of integrity, ethics, and responsible business conduct throughout the organization. The next survey is scheduled for fiscal 2023.

Ethics management at Siemens

Siemens is committed to responsible and ethical business conduct. To this end, the Management Board mandated the compliance organization to further strengthen ethics management at Siemens this year.

Based on the values enshrined in the BCGs, with ethics management, we have created a framework to anchor ethics in our corporate culture on a long-term basis. The compliance organization empowers and helps all employees to understand the ethical principles of Siemens and to incorporate ethical considerations into their daily decisions and actions.

The compliance organization develops and implements ethics management in cross-functional networks.

Compliance risk management

To be effective, the Siemens compliance system needs to be continuously adjusted in order to meet business-specific risks and multiple local legal requirements. The findings from compliance risk assessments, as well as compliance controls and audits, serve as a basis for deriving measures to further develop the compliance system.

The goal of compliance risk management is to detect compliance risks at an early stage and take appropriate steps to prevent or mitigate risks. Risk assessments are also integrated into individual business processes and tools that evaluate risks in any given business decisions and take appropriate risk mitigation steps. Thus, compliance can make a decisive contribution to achieving our corporate goals.

Compliance risk management is an integral part of the company-wide Siemens Enterprise Risk Management (ERM) program [SIEMENS FINANCIAL REPORT FOR FISCAL 2022, COMBINED MANAGEMENT-REPORT, 8.3.1 STRATEGIC RISKS](#), which creates a holistic view of all identified risks throughout the Group. Each entity and each region assess its business risks in relation to compliance risks. Current developments are also systematically evaluated.

In close collaboration with the relevant business units, the early identification and assessment of the compliance risks involved in new digital business models are a core part of our risk management process.

Additional information from internal data sources is included in order to provide a holistic overview of compliance risks. Cross-functional exchange at regular meetings and an annual Corporate Compliance Risk Workshop also make it possible to identify and monitor emerging or changing risks. The results of the risk assessment are therefore a key starting point for the ongoing development of our compliance system.

Compliance priorities in fiscal 2022

Our compliance priorities are the foundation for the continuous development and improvement of our system. We keep a close watch on the ever-evolving requirements in the compliance environment and strive to fulfill them. Among the challenges in this regard are changes in market conditions and in the compliance risks of our business activities.

Our long-term compliance priorities are constantly evolving, so we can work from a reliable perspective when pursuing our compliance activities. These priorities are supplemented by focus areas and specific activities for each fiscal year, and they continued to guide our work in fiscal 2022. All compliance employees are actively encouraged and committed to the fulfillment of our priorities.

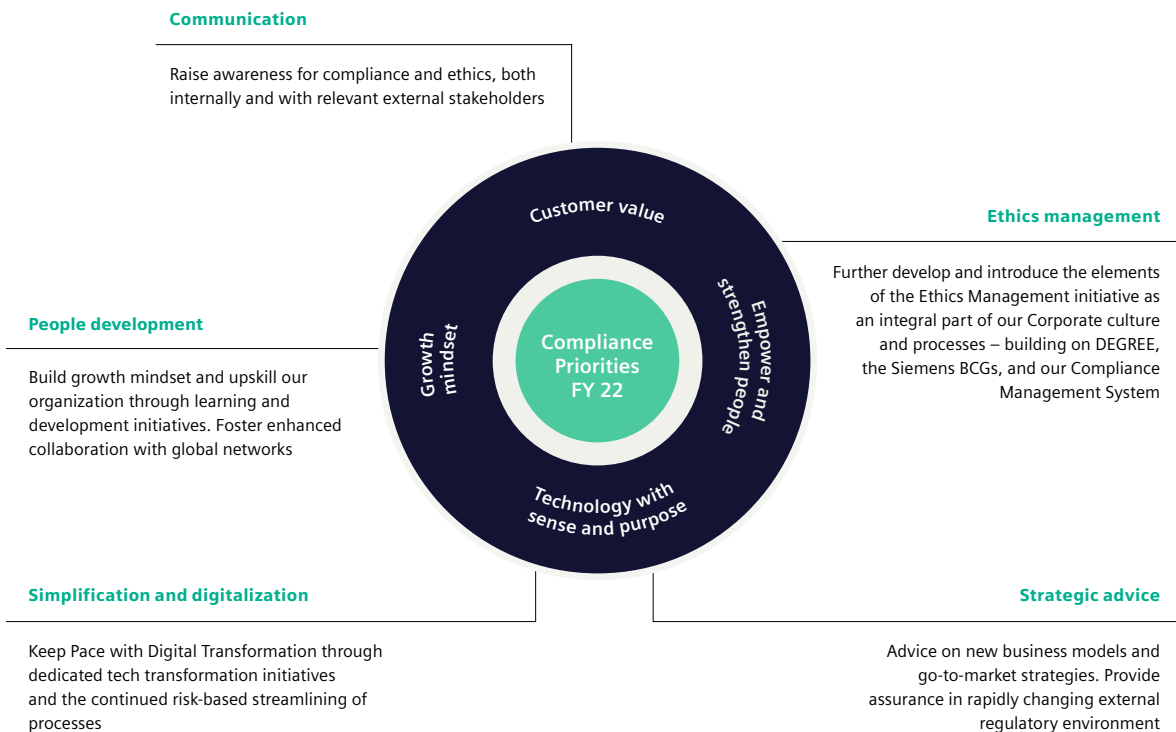
Compliance training

To ensure that compliance and integrity are deeply anchored in the organization, both Siemens employees and the Compliance Department receive targeted, group-oriented, risk-based training on compliance topics.

Compliance training for the Siemens organization emphasizes three core aims:

1. To impart values and raise awareness of fundamental compliance issues among all employees.
2. To convey in-depth specialized knowledge to managers and specific target groups.
3. To provide additional materials on all relevant compliance topics for all employees.

Compliance priorities



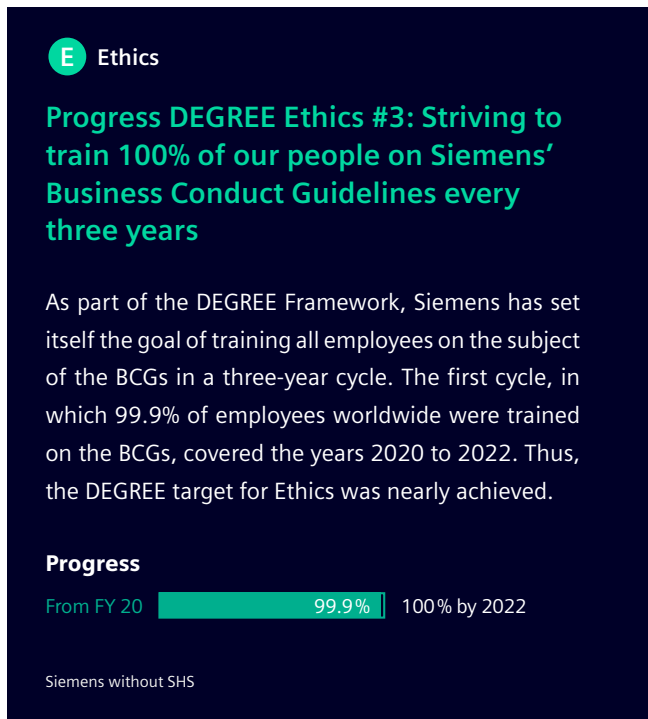
Employees learn about the compliance activity fields through programs such as mandatory web-based training courses on the contents of our BCGs. In addition, there are also additional training materials that can be used for specific target groups; these are available on the global learning platform.

The BCG training was rolled out to around 106,000 employees worldwide, and 102,000 of them (approximately 96%) successfully completed the training by the end of fiscal 2022.¹



In addition, Siemens employees around the world completed about 409,000 training programs for specific target groups in fiscal 2022.¹

Training on Siemens Business Conduct Guidelines



Employees who previously could not be included in Siemens internal IT system for training received in-person training in 2022. Face-to-face training sessions were held at every production site worldwide. By these means, we ensure that every employee receives training within the recurring three-year cycle, in keeping with the DEGREE target. The new three-year cycle will begin in fiscal 2023 with a new BCG web-based training course for all employees.

In addition, materials are regularly made available for the so-called Integrity Dialogs. In this initiative, managers have an opportunity to discuss current compliance issues with their teams as well as to specifically communicate and provide information about selected compliance topics.

Additional learning measures are planned and initiated according to regional conditions. A learning management system helps track mandatory training courses. The completion of training requirements is regularly reported to the management of the respective unit.

Collaboration with business partners

Under certain circumstances, Siemens can be held liable for the illegal activities of certain third parties (such as business partners acting as intermediaries, resellers, and consortium partners), whom we refer to as business partners. That is because transactions with Siemens could be misused to gain undue advantages for the business partner, or for Siemens.

Each Siemens unit is responsible for its own business partners. They must be carefully selected by the responsible operational unit and must undergo a risk-based compliance due diligence process. Business partners need to be adequately monitored for the duration of the business relationship; in other words, the need for the relationship and performance, taking into account remuneration and other accompanying circumstances, is regularly reassessed. We have established mandatory processes and related tools for this purpose that are continuously refined to cover risks that arise.

¹ This figure includes Siemens Healthineers employees.

Decisions about engaging a business partner are transparent and risk-oriented, and are based on the most recent compliance due diligence procedures. Appropriate remediation measures are initiated depending on the risk classification of the business relationship and the risks identified.

Both business partners and suppliers are required to sign a code of conduct. In addition, depending on the risk classification, audits can be carried out at the business partners' premises by the Siemens audit function or external service providers.

➤ SUSTAINABLE SUPPLY CHAIN PRACTICES

To support the compliance experts regarding business partner topics, Siemens established the Business Partners Network two years ago. This network operates in different workstreams, some of which related to specific projects and others related to specific questions on the subject of collaboration with business partners.

Early detection of warning signs of money laundering

Siemens has a declared goal of doing business only with reliable customers, business partners, and other third parties. That's why we perform risk-based checks of our business counterparts' identity and financial backgrounds as well as the origin of their payments in order to ensure that payments come from legitimate sources. Where necessary, Siemens reports suspicious matters to the responsible authorities.

A new anti-money laundering training course is planned for the coming fiscal year. Certain groups of employees who typically encounter issues related to anti-money laundering laws will receive intensive training on the subject of potential anti-money laundering red flags.

The goal is to ensure that employees can identify signs of money laundering or terrorist financing at the earliest possible stage and when necessary initiate mitigation measures, in cooperation with the Compliance Department, to reduce the risk to the company.

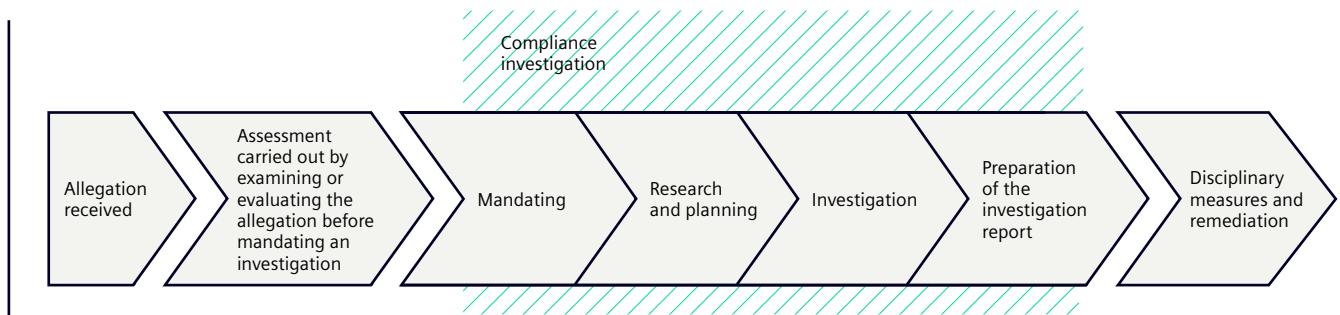
Handling of compliance cases

At Siemens, compliance cases are handled in accordance with a clearly structured process comprising all steps from reporting channels to internal investigations and responses to identified violations (see the diagram below).

Siemens makes different reporting channels available to all employees and outside third parties to ensure that the company is made aware of any compliance violations. For example, complaints can be reported by way of the protected whistleblower system "Tell Us" or to the independent Siemens ombudsperson. Reports received by way of these channels are forwarded to our compliance organization. Complaints can also be reported directly to the Compliance Officers in our business units or to the senior management.

Every complaint is taken seriously. If the allegations prove to be sufficiently plausible, the Compliance organization determines whether there is sufficient information to justify an internal investigation. Indications of other matters are forwarded to the affected Siemens department or business unit for further action.

Company-wide process for the handling of compliance cases (simplified presentation)



Throughout the company, internal investigations are conducted on the basis of binding, clearly defined standards to ensure the fair and respectful treatment of employees. These standards prohibit unlawful or disproportionate actions. If an internal investigation leads to the finding that employees have demonstrably violated any laws or internal regulations, they can expect appropriate disciplinary consequences.

All circumstances of a given case, including the locally applicable legal environment, and any participation rights of the competent employee representative bodies are duly considered in the course of the proceedings.

The affected Siemens entities are obligated to implement the additional recommendations included in the investigation reports, including measures to rectify any deficiencies, in order to effectively remedy the situation.

Whistleblowers at Siemens are protected by internal regulations that prohibit the punishment or other detrimental treatment of whistleblowers who report suspicious activity in good faith.

Compliance indicators and whistleblowers

Our employees make regular use of our reporting channels. In total, 363 compliance cases requiring additional inquiry or investigations were reported in fiscal 2022. We believe that the decrease in compliance cases from the previous year falls within the range of normal fluctuation. The total number of disciplinary measures imposed for compliance violations was 212 in fiscal 2022.

The number of disciplinary measures in a fiscal year does not necessarily reflect the number of compliance cases reported in the same period. Frequently, disciplinary action is not taken in the year in which the underlying cases were reported or the investigation – which follows a careful procedure – was completed. A compliance case may also result in multiple disciplinary actions or none at all.

Compliance indicators¹

	Fiscal year	
	2022	2021
Compliance cases reported	363	394
Disciplinary sanctions	212	121
<i>therein warnings</i>	90	62
<i>therein dismissals</i>	74	49
<i>therein other²</i>	48	10

¹ Continuing and discontinued operations

² Includes loss of variable and voluntary compensation components, transfer, and suspension

We believe that the evidence demonstrates that our compliance system is well designed and effectively implemented. Due to the nature of our business operations, the environments where we work, and geographic breadth, we do not regard the number of incidents as unusual.

More information on significant ongoing and future charges of corruption, antitrust violations, and other violations of the law can be found in [SIEMENS FINANCIAL REPORT FOR FISCAL 2022, COMBINED MANAGEMENT REPORT, CHAPTER 8.3.4 COMPLIANCE RISK AND NOTES 22 LITIGATIONS](#)

Collective Action and the Siemens Integrity Initiative

If substantial progress is to be made in combating corruption and fostering fair competition, large numbers of stakeholders must act collectively. The global Siemens Integrity Initiative earmarks more than US\$100 million to support organizations and projects that combat corruption and fraud through Collective Action, education, and training. The Siemens Integrity Initiative focuses on supporting projects that have a clear impact on the business environment, can demonstrate objective and measurable results, and have the potential to be scaled up and replicated.

Building upon the Third Funding Round, we invited short-listed partners to submit applications for additional support, adhering to the published criteria for application and selection. A team of experts from various disciplines and regions carefully reviewed the projects, presented them to the Siemens Steering Committee for approval, and then introduced them to the World Bank for what is known as the “non-veto” process and to the European Investment Bank for information.

In July 2021, we announced a total of up to US\$20.5 million in funding for eight new projects with activities over three years in more than 27 countries.

So far we have allocated approximately US\$120 million for 85 projects in more than 50 countries across all funding rounds. Detailed information on this subject is provided in the annual reports of the Siemens Integrity Initiative.

[WWW.SIEMENS.COM/INTEGRITY-INITIATIVE](https://www.siemens.com/integrity-initiative)



**US\$120 million support for
85 projects in 50 countries**

The Siemens Integrity Initiative constitutes one element of a 2009 settlement between Siemens and the World Bank and another 2013 settlement between Siemens and the European Investment Bank (EIB).

Results and progress in fiscal 2022

In fiscal 2022, we again made significant progress with our Siemens compliance system, including:

- The new compliance pact for our Mobility high-speed rail project was presented as a prime example of the practical implementation of Collective Action at the Conference of States Parties to the UN Convention Against Corruption, which was held in Egypt. The compliance pact is designed to prevent conflicts of interest and ensure compliance with anti-corruption, anti-money laundering, and antitrust laws.
- As part of our continuous improvement measures at Compliance, we have enhanced our integrated risk management approach to include a continuous monitoring and update concept that enables us to more quickly adapt to factors such as emerging risks, business transformation, and changing regulatory and geopolitical conditions.

Outlook for fiscal 2023

Our paramount goal is to provide Siemens with the highest level of certainty in matters of compliance and to promote a market environment of integrity.

We will continue our development of a compliance system tailored to the individual risks and opportunities of our businesses and our organizational structure at Siemens.

To keep pace with the digital transformation of our company, we are transforming and modernizing the technology that supports our compliance management system. With the new cloud-based solutions, we will further streamline and automate our risk-based compliance processes and leverage for data-driven holistic risk management and continuous control activities.

We will also continue to implement the projects of the Siemens Integrity Initiative and monitor their progress.

[WWW.SIEMENS.COM/INTEGRITY-INITIATIVE](https://www.siemens.com/integrity-initiative)

Finally, we will communicate our ethical principles more intensively and embed them in training courses and internal processes in the current fiscal year.

“Ethical corporate governance and compliance are non-negotiable. Our approach goes beyond strict compliance with laws and regulations by placing integrity at the center of our corporate culture and business processes.”

CEO Roland Busch

In the Siemens Global Employee Survey to be conducted in fiscal 2023, we will again elicit feedback from our employees on the subject of integrity and ethics at Siemens and formulate appropriate measures on the basis of their responses.

3.2

Human rights



- **Respect for human rights remains in focus at all times**
- **Commitment to compliance with international standards**
- **Inclusion of all key partners**

As a global company, we are well aware of our responsibility to society. We are unreservedly committed to safeguarding and respecting human rights in every stage of the value chain. We understand this to be a key element of acting with integrity and responsible corporate governance. Our holistic approach to respecting human rights is not limited to our own business locations: We also consider our supply chain and the business activities of our customers. Our goal and aspiration is to identify any human rights violations occurring anywhere in our value chain as early as possible and to mitigate identified risks responsibly.

Our DEGREE framework consists of different components to address the multifaceted issue of human rights in the areas of G (Governance), E (Ethics), and E (Equity). In the following, the human rights-related topics in the DEGREE framework are outlined.

Commitment to human rights and international standards

The principle of respect for human rights is firmly grounded in the United Nations 2030 Agenda for Sustainable Development. Siemens believes that the corresponding Sustainability Development Goals (SDGs) can only be fully achieved if any potentially negative impacts within the value chains are examined in greater detail and effective action is taken to counter them. In these efforts, we are guided by international standards that help companies define their approaches to human rights and continuously optimize them. These standards include the United Nations Guiding Principles on Business and Human Rights and the Guidelines for Multinational Enterprises published by the Organization for Economic Cooperation and Development (OECD). They highlight the importance of a due diligence process that is able to proactively identify, assess, and prevent any human rights viola-

tions to protect those affected or at least mitigate their impacts as much as possible.

The Business Conduct Guidelines

Our pledge to safeguard human rights is anchored in our Siemens Business Conduct Guidelines (BCGs) [▶ COMPLIANCE AND ETHICS](#). They set out the fundamental principles and rules that apply to our actions within our company and in relation to our customers, external partners, and the public. The BCGs are binding on all employees worldwide. In addition, the Siemens Group Code of Conduct, which is mainly focused on rules of conduct in relation to human rights, applies to the company's suppliers, third-party intermediaries, and business partners.

Beyond that, Siemens AG reaffirmed its commitment to workers' fundamental rights in an International Framework Agreement signed with trade unions and employee representatives in 2012.

Management and responsibilities

Our actions in support of respect for human rights and our commitment to implementing the UN Guiding Principles on Business and Human Rights are monitored by the Siemens Managing Board and the Siemens Sustainability Board (SSB). These bodies discuss both progress and challenges and identify improvement measures. Furthermore, the Chief Compliance Officer reports to the Supervisory Board and Managing Board at a regular and also on an ad hoc basis on topics relating to human rights.

The SSB has assigned overall responsibility for human rights to the Sustainability and Compliance departments, which are charged with the task of proactively and systematically ensuring that respect for human rights is more deeply embedded in the company's worldwide processes and business decisions. To this end, the two departments continually identify and address improvement potential on the basis of the major principles of business conduct and human rights set out in the UN Global Compact. The departments Supply Chain, People and Organiza-

tion, Environment, Health and Safety, Corporate Security, and Siemens Real Estate are responsible for embedding and maintaining human rights-related due diligence obligations within their business processes. This responsibility also includes functionally relevant training and continuing education.

➤ HUMAN RIGHTS FRAMEWORK AT SIEMENS

Continuous improvement measures

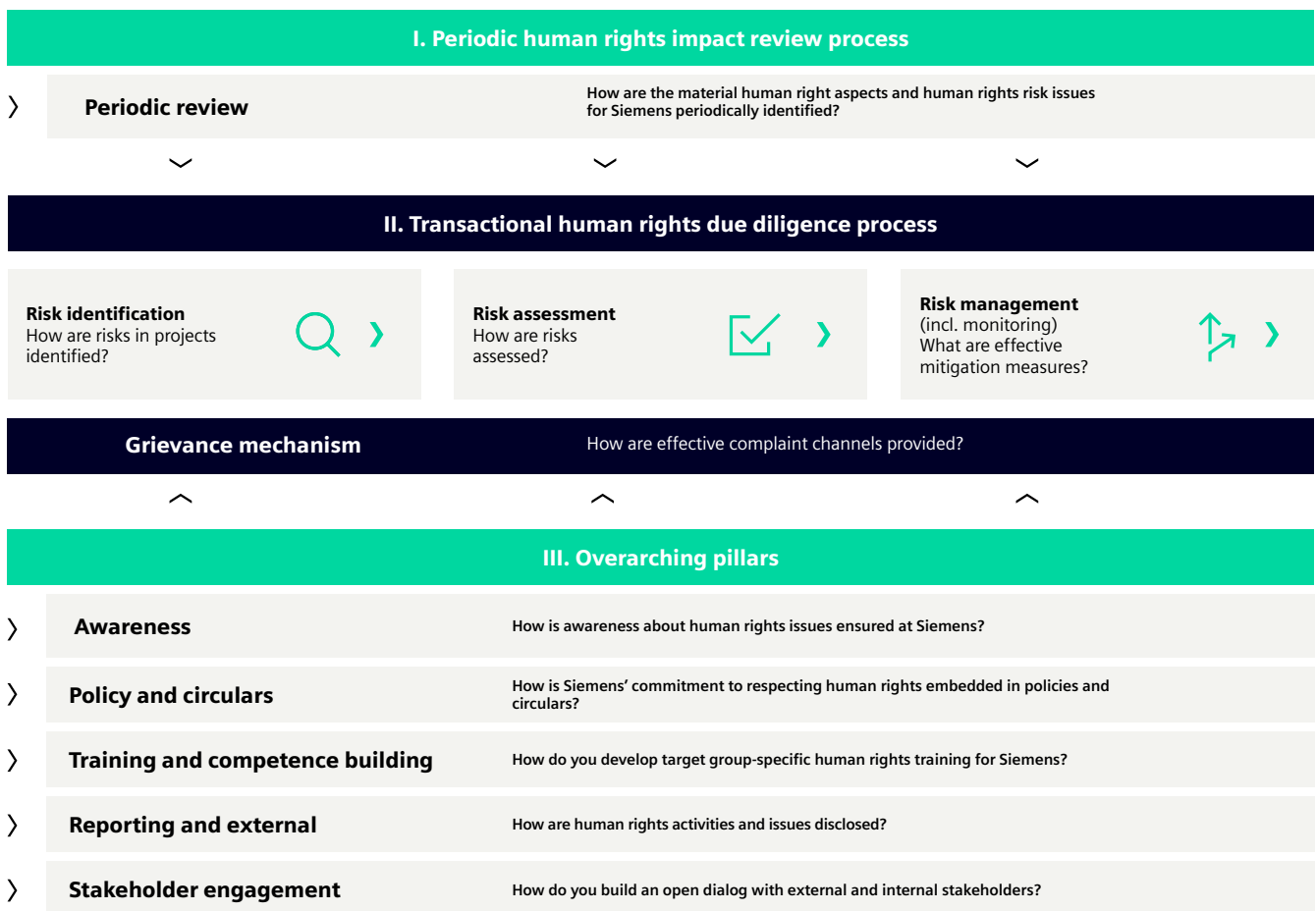
We view living up to our responsibility for human rights as a continuous improvement process. Siemens employs risk management programs and procedures across its value chain to systematically identify and assess risks of human rights violations at an early stage and mitigate these risks to the extent that they

can be influenced by the company. After the rollout of our new due diligence approach in the area of human rights, we focused on target group-appropriate competence development and the incorporation of this approach into the risk management processes of the individual business units in fiscal 2022.

Human rights in the supply chain

Maintaining sustainable supply chains is one of our guiding principles. Siemens suppliers commit to uphold the Siemens Group Code of Conduct for Suppliers and Third-Party Intermediaries and Business Partners, which affirms the fundamental human rights of our suppliers' employees.

Siemens' human rights framework



This Code encompasses, but is not limited to, the following points:

- Fair working conditions (pay, working hours, vacation),
- Right to freedom of association,
- Responsibility for health and safety standards,
- Prohibition of discrimination,
- Prohibition of forced labor and child labor,
- Provision of anonymous grievance mechanisms.

Siemens takes a risk-based approach to identifying potential risks in its supply chain. This includes Corporate Responsibility Self-Assessments (CRSAs) by suppliers, internal quality audits with sustainability questions, and external sustainability audits. Whenever deviations are identified from the principles of the Code of Conduct for Siemens Suppliers, and therefore also violations of the human rights principles defined in this document, we work with the supplier to clarify how lasting corrective action can be taken within a reasonable time frame.

➤ SUSTAINABLE SUPPLY CHAIN PRACTICES

In case of severe violations, we reserve the right to terminate the supplier relationship. ➤ [MATERIAL HUMAN RIGHTS RISK ISSUES WITHIN OUR VALUE CHAIN](#)

With regard to the new German Supply Chain Due Diligence Act (LkSG), which is applicable to Siemens as of January 1, 2023, we have established a cross-functional working group to evaluate the effects of the new law on Siemens and meet any new requirements in a timely manner.

Human rights in the workplace

The BCGs [BUSINESS CONDUCT GUIDELINES](#) are an integral element of all employment contracts. Every employee is responsible for respecting human rights. Siemens does not tolerate discrimination, sexual harassment, or any other form of personal attack on individuals or groups. In addition, the principles of equal opportunity and equal treatment apply without restriction. We promote diversity in line with our strategic DEGREE Framework aspirations of Equity and Ethics. We have set ourselves the goal of having 30% of the company's senior management positions held by women by the year 2025. Another goal is for 100% of our employees to receive training on the subject of our BCGs. We champion diversity, equal opportunity, and inclusion in the interest of creating an open and appreciative work environment

for our people. We acknowledge that we must ourselves effect the transformation we want and remain committed to creating a more equitable, more sustainable future.

Siemens launched the internal initiative "Together We Rise" in January 2022 to promote diversity and women's rights in the workplace. The goal is for women to work on issues of common interest and support each other through networking, coaching, and mentoring. Around 250 female employees from Middle Eastern countries like Egypt, Qatar, Kuwait, Oman, Pakistan, Saudi Arabia, and the United Arab Emirates are taking part in this initiative.

In fiscal 2022, moreover, Siemens India conducted an impact assessment of human rights-related risk categories at roughly 20 Siemens locations in India, with a particular emphasis on risk areas such as discrimination and working conditions. The findings will be evaluated in the first quarter of fiscal 2023 and will serve both as the basis for the development of targeted measures to mitigate or preferably prevent the identified risks in the future and to fulfill the reporting requirements following the Business Responsibility and Sustainability Report (BRSR)

Fair pay, right to collective bargaining, and freedom of association

The principles of fair pay, right to collective bargaining, and freedom of association are embedded in the Siemens BCGs and in the International Framework Agreement ➤ [COMPLIANCE AND ETHICS](#). Fair pay is an integral aspect of appreciative and respectful relations with employees. In line with national laws and regulations, Siemens is guided by the principle of "equal pay for equal work". In Germany, for example, the pay system according to the collective bargaining agreements is determined in the course of collective bargaining negotiations. 78% of employees in Germany are covered by collective agreements.

Additional information can be found in the Chapters ➤ [WORKING AT SIEMENS](#) and ➤ [DIVERSITY, EQUITY & INCLUSION](#)

Human rights in customer related business decision

Siemens is committed to operationalize systematic human rights due diligence along its value chain. This is also applicable for customer related business decision.

We operate in nearly 200 countries, including countries with a challenging social and political context.

Our stakeholders are increasingly asking what responsibility companies bear for the business activities of their customers.



The early detection of environmental and social risks plays a key role in human rights due diligence.

We recognize this and take action to ensure that our risk due diligence procedures continue to evolve and that we work to assess possible environmental and social risks in our operational business on an even more comprehensive basis and at an earlier stage. Material human rights risks that we have identified within our value chain, are summarized in the [TABLE](#) below.

Material human rights risk issues within our value chain

Human rights risk issues in the supply chain

- › Fair working conditions
- › Freedom of assembly
- › Discrimination
- › Forced labor
- › Child labor
- › Health and safety



Human rights risk issues in the workplace

- › Health and safety
- › Fair working conditions
- › Discrimination



Human rights risk issues in the case of business decisions by customers

- › Business-specific environmental and social risks¹
- › Country-specific risks
- › Impacts on local communities (e.g., Indigenous population, ethnic, or religious minorities)
- › Fair working conditions
- › Modern slavery
- › Discrimination
- › Occupied territories



As a key element of the DEGREE framework, we have integrated the digital Risk Due Diligence Tool (ESG Radar) into our processes to a greater degree and enhanced its functionalities on the basis of the above-mentioned material risk areas. This helps Siemens identify and assess possible environmental and social risks, as well as the associated human rights and reputational risks, early and comprehensively in case of decisions in customer related business. The ESG Radar can be used to check 84 different risk indicators for individual business activities, including 13 overarching risk indicators and 71 sub-indicators. In collaboration with external human rights experts, targeted mitigation measures are defined depending on how pronounced the risk profile is and what kind of influence Siemens has. The Risk Due Diligence Tool will be continually refined and expanded to cover critical human rights issues. Our entrepreneurial responsibility requires not only the due diligence assessment of our own business activities, but also the assessment and mitigation of business partner risks. It must be assured that the environmental, social, and related human rights and reputational risks of our involved business partners are reviewed on a regular basis. In fiscal year 2022 the functionality has been enhanced to allow a comprehensive “deep dive Due Diligence” for established business partners. This enhancement will entail a new process which will be piloted in fiscal 2023.

Training and skill building

We firmly believe that the principles of sustainability can be fully and effectively practiced only if they constitute a voluntary pledge based on core beliefs. Continuous skill building is a key factor in this regard. Our activities in this area are geared toward specific target groups. Siemens provides training for suppliers, interactive training formats for employees, and targeted skill-building activities for global and regional salespeople, as well as specific functions such as Compliance and Environment, Health, and Safety (EHS).

Our brochures “Sustainability in the Supply Chain” and “Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries and Business Partners” [SUSTAINABLE SUPPLY CHAIN PRACTICES](#) support and sensitize our suppliers to the importance of embedding these values, as well as the sustainability requirements they entail, more deeply in their own supply chains. Siemens also offers web-based training on sustainability and human rights in the supply chain for all its suppliers.

¹ Including in the areas of coal, oil, and gas and mining, for example.

The global web-based training program for environmental, social, and human rights due diligence was continued in fiscal 2022. Although the training program is available to all employees, participation is obligatory for a defined target group consisting of senior managers, salespeople, and risk management professionals. Additionally to the 31,000 employees who have performed the training in fiscal year 2021, another 6,546 employees completed the training in fiscal year 2022.

A survey of required training fields was conducted in fiscal 2022 with the aim of promoting competence development. The target group participating in the survey was composed of the Sustainability Managers and ESG Managers at business level as well as Sustainability Managers in key functions. The majority of respondents stated that additional support is needed in the fields of “entrepreneurial responsibility in conflict regions” and “high-risk sectors.” Target group-appropriate training courses will be given on these subjects in the course of fiscal 2023 to ensure competence development.

Siemens also plans to hold moderated external and internal expert dialogs and regular knowledge sharing with internal experts in the area of environmental and social risks.

Grievance mechanism and channels

Siemens offers all our people and outside third parties protected channels for reporting violations of external and internal rules. The reports generated by these channels are forwarded to our Compliance organization and followed up. The same channels can also be used to report human rights violations to the company.

➤ COMPLIANCE AND ETHICS

In September 2022, Siemens India issued a comprehensive guideline defining the grievance mechanism for permanent employees and temporary workers, after which the framework was developed in conjunction with a local benchmarking project. The framework defines employee grievances and assigns responsibilities in accordance with the reporting requirements of the Business Responsibility and Sustainability Report (BRSR).

 WWW.SIEMENS.COM/HUMANRIGHTS

Networks and coalitions

A regular dialog with peer group companies creates a platform founded on mutual trust for a more in-depth discussion of human rights. This also helps us come up with fresh ideas and harness past experiences for continuous improvement measures within our company. This kind of mutual dialog focuses on discussing challenges and solutions, addressing conflicts of goals, and identifying possible areas of shared action. After all, we firmly believe that we can achieve faster progress by concerted action than by acting alone.

Siemens is a member of the Global Business Initiative on Human Rights (GBI). This initiative is one of the leading international network initiatives in the area of human rights, consisting of more than 23 companies from all over the world. Siemens is also represented in the European Business and Human Rights Peer Learning Group of the UN Global Compact Network. In Germany, Siemens is involved in the working groups of econsense¹ in the areas of business and human rights and human rights in the supply chain.

Besides regular dialog with peer groups and think tanks, we also interact continually with external human rights advisors on the subject of training, sensitization, and due diligence. In addition, we communicate continually with investors, shareholders, rating agencies, and NGOs.

¹ econsense is a Forum for the Sustainable Development of German Business.

3.3

Sustainable supply chain practices



- **Assumption of responsibility on the basis of the holistic approach summarized as “Prevent – Detect – Respond”**
- **Evaluation of suppliers on the basis of self-assessments and on-site audits**
- **Focus on human rights: climate protection, occupational safety, and responsible sourcing of minerals**

The procurement activities of Siemens are wide-ranging: The company purchased goods and services valued at just under €35 billion in fiscal 2022, equivalent to around half of our total revenue. We are aware that our worldwide purchasing activities have a major impact on local communities and the environment in our procurement markets. Sustainable business practices are therefore an integral part of the purchasing policy at Siemens.

Our supplier network is broadly diversified. We work with about 66,000 suppliers in around 150 countries. Since there is great variation in the overall conditions that apply across these countries, strict compliance with the global sustainability requirements that apply to our suppliers is a major challenge for our day-to-day purchasing activities.



Siemens purchased goods and services worth €35 billion from around 150 countries

Responsibility for the worldwide supplier network

At Siemens, sustainability in the supply chain is based on a holistic “Prevent – Detect – Respond” approach and is designed to minimize risks.

We expect all suppliers to make a firm commitment to our Code of Conduct: The related requirements must be accepted by all suppliers. The Code of Conduct is based on the principles outlined in the United Nations Global Compact and on the Siemens Business Conduct Guidelines (BCGs), which set out the basic principles of sustainability for the entire company.

Among other things, suppliers declare their willingness to respect the fundamental rights of employees, establish high standards for health, safety, and environmental protection, and pursue a zero-tolerance-strategy in relation to corruption and bribery. The Code of Conduct also contains a section on preventing purchases of conflict minerals, meaning minerals produced in certain countries that yield profits for armed groups in particular.

The Code of Conduct also includes provisions on preventing money laundering and terrorist financing, export control and

G Governance

DEGREE Governance #4: ESG-secured supply chain based on supplier commitment to the Supplier Code of Conduct

We expect our suppliers not only to contribute to the economic success of our company, but also to ensure strict compliance with our sustainability requirements, which are summarized in the Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries (Code of Conduct). The obligation of suppliers to observe our Code of Conduct is an essential basis for fulfilling our governance ambitions bundled under “G” in our DEGREE framework.

Progress

Suppliers committed

Siemens excluding SHS

customs, and ensuring data protection. In addition, suppliers are also obligated to institute a protected grievance mechanism for their employees. An accompanying Code of Conduct brochure and a web-based training module are provided to aid in supportive communication.

Supplier management follows clear criteria

The supplier management process at Siemens includes strict criteria for supplier selection and qualification. On its basis, we can quickly identify and counteract any sustainability risks also when admitting new suppliers. This may apply to suppliers with the following risk characteristics:

- Locations in high-risk countries
- Products subject to the requirements for the responsible sourcing of minerals
- Products and services with large carbon footprints
- Products that fall under laws like REACH (regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals) or RoHS (Restriction of the use of certain Hazardous Substances in electrical and electronic Equipment)
- General aspects of supplier quality management (including sustainability-related topics)
- Plant engineering (risks associated with construction contractors)

To identify these risk characteristics, we categorize our suppliers according to several factors:

- Purchased material and service fields are divided among the abovementioned risk groups as part of our processes. This makes it possible to assign measures to individual suppliers (e.g., specific contract clauses, obtaining proof, possibly flagging the supplier for an on-site audit).
- Risk levels for individual countries are assigned to suppliers. The risk levels are based on sustainability indicators for key areas such as legal compliance, corruption and bribery, human rights in the workplace, child labor, and more. We base these assessments on information from internationally recognized organizations.
- Suppliers may be assigned to other strategic categories based on factors such as specific preparations for projects with high local purchasing volumes, for example.

In fiscal 2022, we also began to consolidate sustainability-related information about our suppliers on a sustainability platform (SCM Sustainability Platform). We compile this information – for example, the status of carbon reduction measures, Corporate Responsibility Self-Assessments, the results of on-site audits and risks regarding “conflict minerals” – from various internal and external data sources and enter it into an integrated tool to which all employees in Siemens purchasing departments have access. In this tool, information is assessed by means of a point system and visually displayed. As a result, sustainability is a uniform Siemens-wide assessment factor that can effectively support and supplement future local purchasing decisions with globally available information on the status of sustainability factors at suppliers.

Number of audits



- 1** Conducted by Siemens auditors with integrated sustainability questions.
- 2** Conducted by external auditors.

Self-assessments and site audits as control mechanisms

We perform suitable reviews according to the risk assessment for suppliers based on the categories outlined above. These reviews range from supplier self-assessments of their own sustainability practices to sustainability audits conducted on-site by external auditors.

Corporate Responsibility Self-Assessments

Corporate Responsibility Self-Assessments (CRSA) are part of the supplier qualification process, which is reviewed regularly and updated as needed to take new standards and regulations into account. Accordingly, new potential suppliers undergo a binding qualification process, while existing suppliers are reassessed every three years.

3.3 Sustainable supply chain practices

The number of completed CRSAs increased by around 15% from 4,267 self-assessments in fiscal 2021 to 4,912 in fiscal 2022. In contrast, the number of agreed-upon improvement measures decreased in fiscal 2022.

Corporate Responsibility Self-Assessments (CRSA)¹

(Number)	Fiscal year	
	2022	2021
Europe, C.I.S., ² Africa, Middle East	1,147	1,505
Americas	654	555
Asia, Australia	3,111	2,207
Total	4,912	4,267
(Number)	Fiscal year	
	2022	2021
Agreed-upon improvement measures ³		
Legal Compliance/prohibition of corruption and bribery	915	1,152
Respect for the basic human rights of employees	564	773
Prohibition of child labor	80	149
Health and safety of employees	879	705
Environmental Protection	546	680
Supply Chain	125	145
Total	3,109	3,604

¹ Self-assessments completed mainly by suppliers from non-OECD countries with a purchasing volume of >€50,000 per year. Questionnaires that were initiated, completed, and concluded in the reporting period.

² Commonwealth of Independent States.

³ Improvement measures agreed upon with suppliers relate either to actual deviations from the Code of Conduct or to structural improvements in management systems and the lack of specific processes and guidelines implemented by the supplier.

Quality audits with sustainability questions

The quality audits of suppliers conducted by Siemens auditors include questions on the subject of sustainability that cover all aspects and requirements of the Code of Conduct. We conducted 321 on-site audits worldwide in fiscal 2022. This equals the amount of the previous year almost exactly.

Supplier quality audits with integrated sustainability questions

(Number)	Fiscal year	
	2022	2021
Europe, C.I.S., ¹ Africa, Middle East	142	116
Americas	76	89
Asia, Australia	103	114
Total	321	319

¹ Commonwealth of Independent States.

External sustainability audits

From our point of view, external sustainability audits are the most effective method of assessing the sustainability performance of our suppliers. They are conducted by our external audit service provider and serve as a control mechanism for suppliers with a high risk assessment.

External sustainability audits (ESA)

(Number)	Fiscal year	
	2022	2021
Europe, C.I.S., ¹ Africa, Middle East	113	123
Americas	50	44
Asia, Australia	263	227
Total²	426	394
(Agreed upon improvement measures) ³	Fiscal year	
	2022	2021
Legal Compliance/prohibition of corruption and bribery	1,101	1,141
Respect for the basic human rights of employees	2,717	2,446
Prohibition of child labor	82	89
Health and safety of employees	2,802	2,430
Environmental Protection	271	227
Supply Chain	302	284
Total²	7,275	6,617

¹ Commonwealth of Independent States.

² Includes audits conducted virtually as well as audits carried out by third parties at our suppliers based on the same standards and are accepted by Siemens.

³ Improvement measures agreed upon with suppliers relate either to actual deviations from the Code of Conduct or to structural improvements in management systems and the lack of specific processes and guidelines implemented by the supplier.

We slightly increased the number of external sustainability audits compared to fiscal 2021: in 2022, the figure rose by about 8% to 426 audits. This figure includes 37 audits that we conducted virtually due to the COVID-19 pandemic, where the auditor inspected the supplier's facility by a remote video link. It also includes 12 audits verified by our auditor that were conducted on behalf of third parties at companies that are also in a supplier relationship with Siemens. These audit reports fully comply with Siemens requirements and were provided to us with the approval of the audited companies.

7.3

Task Force on Climate-Related Financial Disclosures (TCFD)

The Task Force on Climate-Related Financial Disclosure of the G20 Financial Stability Board has provided a uniform framework that companies may voluntarily use to report their climate-related risks and opportunities and disclose the corresponding information to investors, lenders, insurers, and other stakeholders. This Annex provides an overview of Siemens' activities based on these recommendations and provides references to other sources of relevant information.

Our governance in the area of climate protection

Governance at the Managing Board level

All strategic sustainability activities are overseen by our Chief Sustainability Officer (CSO). The CSO is a member of the Siemens Managing Board and chairs the Siemens Sustainability Board (SSB), which is composed of representatives of the businesses, countries, and units with governance responsibilities (technical and professional functions). The SSB is the central steering committee for the strategic development of sustainability at Siemens, and makes decisions regarding key sustainability matters. Where necessary, the Managing Board addresses sustainability-related risks and opportunities of strategic and company-wide importance, and adopts appropriate measures. For example, it was the Managing Board that adopted the DEGREE sustainability framework in fiscal 2021. The SSB motivates and supports the consideration of sustainability aspects when making business decisions. At quarterly meetings, the SSB discusses and defines strategic sustainability topics. For example, it assesses the progress of our DEGREE ambition, nonfinancial reporting, rankings and ratings. The SSB adopts relevant sustainability measures and initiatives or submits recommendations for action to the Managing Board.

Topics relating to climate change were regularly on the agenda of SSB meetings in fiscal 2022. During the year, the SSB made decisions regarding, for example, the replacement of the revenue reporting in our Environmental Portfolio by the binding EU Taxonomy reporting as well as the modification of the approach to calculating avoided GHG (greenhouse gas) emissions at our customers. From now on, we will report our revenue in connection with sustainable business activities in accordance with the

EU Taxonomy reporting categories. In order to make our portfolio's contribution to limiting climate change transparent, we report how much GHG emissions our products and solutions avoid compared to reference solutions and thus help our customers drive their decarbonization activities.

In addition to strategic sustainability activities, the Managing Board is also responsible for operational environmental protection. The responsibility for the implementation of environmental guidelines is defined in the EHS Principles, an internal Managing Board guideline. The Global Board EHS, which comprises specialized experts, develops environmental protection measures and programs and advises the Managing Board member responsible for environmental protection, in consultation with the SBB.

➔ [SUSTAINABILITY GOVERNANCE AND ORGANIZATION](#), [CDP 2022 C1](#),

➔ [DEGREE](#)

Governance at business and management level

The Siemens Sustainability Director heads the Sustainability Department and supports the CSO in performing his or her duties. In this capacity, the Sustainability Director reports to the CSO and is a member of the SSB. The Sustainability Department monitors trends in sustainability, analyzes the potential impact on Siemens, prepares decisions for initiatives and pilot projects, provides support with their implementation, and promotes efforts by the SSB to anchor new sustainability topics within the company. The CEOs of the businesses and countries are responsible for implementing sustainability within the Siemens Group. This responsibility includes taking sustainability aspects strategically into account all along the value chain of their organizations' business activities. In all their decisions, strategies, processes and systems, they must also take account of business opportunities and business risks that relate to sustainability. In their implementation work, the CEOs of the various businesses and countries are supported by Sustainability Managers, whom they appoint. These Sustainability Managers maintain close contact with their colleagues and the Sustainability Department. They also organize a network of sustainability experts. This sustainability network includes specialist functions such as the

Environment, Health, and Safety (EHS) Department. The EHS Department develops and supports the Eco Efficiency @ Siemens program introduced in 2021, which strives to promote the circular economy by means of responsible product design, environmental protection, and resource conservation. The EHS Department also supports the businesses in their efforts to reduce GHG emissions in the company's own operations. The Supply Chain Management department helps our business units promote decarbonization in the supply chain.

➤ [SUSTAINABILITY GOVERNANCE AND ORGANIZATION](#), ➤ [SUSTAINABLE SUPPLY CHAIN PRACTICES](#), ➤ [ENVIRONMENT](#) and ➤ [CONSERVING RESOURCES](#),
 📄 [CDP 2022 C1](#), ➤ [DEGREE](#)

Our strategic response to climate-related opportunities and risks

The DEGREE sustainability framework includes the sustainability-related topics important for Siemens, including decarbonization and resource efficiency, for which we have set ambitious targets (see section "Metrics and targets"). These targets apply to Siemens' own operations as well as to our supply chain.

We have embedded sustainability as a strategic imperative in all our investment decisions – from company acquisitions and customer projects to the assessment of suppliers.

Focused on the technologies that are driving the digital transformation of industry, intelligent infrastructure and sustainable transportation, the Siemens portfolio is making a key contribution to the transition to a low-carbon economy. Our growth engines are digitalization, automation, and sustainability. With regard to sustainability, our portfolio's contribution in the areas of decarbonization, resource efficiency and the circular economy is particularly strong. In the future, software and hardware will positively influence each other more and more strongly and accelerate value-creating growth. As a focused technology company, we want to expand our position in all our markets and tap additional profitable markets.

In June 2022, we launched Siemens Xcelerator, an open digital business platform that will accelerate the digital transformation and drive innovation more rapidly. For example, the digital transformation will become faster, simpler, and scalable for customers of every size in the areas of industry, buildings, power grids, and transportation, while digital solutions will make their companies more flexible, more resilient, more efficient, and more sustainable. ➤ [STRATEGY](#), ➤ [DEGREE](#)

Climate-related opportunities and risks

Climate-related opportunities and risks are integrated into our company-wide Enterprise Risk Management (ERM) process. ERM at Siemens is based on a net risk approach in which the risks and opportunities are addressed that remain after the implementation of existing, effective measures and controls. As a global technology company and innovation leader in the fields of electrification, automation, and digitalization, Siemens supports sustainable industrialization. These topics are becoming increasingly important in the transition to a low-carbon economy – a development that confirms our company strategy. Although the impact of climate-related changes is connected with uncertainties, we consider the transition to a low-carbon economy to be basically an opportunity. A favorable political and regulatory environment including the transition towards a low-carbon economy could restore a more positive industrial investment sentiment that supports the growth of our markets. By enabling our customers to reduce their GHG emissions using our portfolio and by reducing CO₂ emissions in our own operations, Siemens strives to support the transition towards a low-carbon economy. Siemens also welcomes and supports recent legislative and governmental measures to accelerate the mitigation of climate change, especially in Europe such as through the Green Deal or sustainable finance initiatives. 📄 [SIEMENS FINANCIAL REPORT FOR FISCAL 2022, COMBINED MANAGEMENT REPORT, CHAPTER 8.4 OPPORTUNITIES](#),
 📄 [CDP 2022 C2.4](#)

To leverage these climate-related opportunities, we have included sustainability and decarbonization in this year's strategy review, where we drew up concrete action plans for our business units, in order to support our customers in achieving their sustainability and decarbonization goals in an even more targeted fashion.

Potential transition risks (for example, regulation, market, technology) and physical climate-related risks are assessed in our risk process. In this process, we have generally identified the risk of an increasing focus on sustainability. The increasing environmental, social, and governance (ESG) requirements from governments, investors, and customers as well as financing restrictions for GHG emitting technologies could result in additional costs. The growing requirements in the regulatory environment, but also the self-commitment to own sustainability and climate protection targets, bear further liability risks. Additionally, business involvement in areas of public debate regarding sustainability might be negatively perceived and trigger adverse media attention. This could lead to reputational damage and have an impact on

achievement of our business goals. We address these risks, among other things, in the context of our sustainability framework DEGREE, in which we have also set ourselves ambitious sustainability targets. Measures to reduce climate-related risks include, for example, our decarbonization strategy (incl. Science Based Target), as well as our engagement in the supply chain. In fiscal 2021, we introduced an ESG risk framework along with an optimized ESG due diligence process. This supports Siemens businesses with due diligence in the customer-oriented environment with a view to possible environmental and social risks as well as related human rights and reputational risks.

 **SIEMENS FINANCIAL REPORT FOR FISCAL 2022, COMBINED MANAGEMENT REPORT, CHAPTER 8.3. RISK MANAGEMENT,  CDP 2022 C2.3**

Management of climate-related risks

Climate-related risks and opportunities are embedded in the Siemens-wide ERM approach. All identified climate risks are assessed, and measures for risk prevention, transfer, or mitigation are devised for all relevant risks.

 **SIEMENS FINANCIAL REPORT FOR FISCAL 2022, COMBINED MANAGEMENT REPORT, CHAPTER 8,  CDP 2022 C2**

Management of climate risks in our own operations

The reduction of GHG emissions has been integrated into the Long-term Incentive (LTI) compensation as part of a Siemens-internal ESG/Sustainability index, applicable for members of the Managing Board and Senior Management (Siemens without SHS). The anchoring of the reduction of GHG emissions in this system and the responsibility of each of our businesses for the reduction of its pro-rated emissions are key elements of our management approach and require regular monitoring.

 **SUSTAINABILITY GOVERNANCE AND ORGANIZATION**

By joining the Science Based Targets initiative, Siemens has pledged to reduce emissions from its own operations (Scope 1 and 2) by 50% by 2030 and its Scope 3 emissions (upstream and downstream) by 15% compared to 2019. These targets underscore our commitment to contributing to limiting global warming to 1.5 degrees Celsius and to containing climate change. In addition, our pledge to reduce GHG emissions in our own operations is a key part of our DEGREE sustainability framework and is embedded in the KPI "Net Zero operations by 2030" for Siemens without SHS. We have accelerated our reduction target for our business operations (Scopes 1 and 2) for Siemens

without SHS to –55% by 2025 compared to 2019. By 2030, we aim to reduce emissions by 90% instead of 50% compared to 2019. We have reduced our Scope 1 and Scope 2 emissions for Siemens without SHS by a total of 46% since fiscal 2019.

Our ambitious decarbonization measures and targets in our own operations and along our value chain are helping eliminate potential transitional climate risks and increase our resilience and the energy independence of our production facilities.

 **CLIMATE ACTION,  CDP 2022 C4 AND C6**

As a key element of our DEGREE framework, we have successfully implemented the rollout of our new digital Risk Due Diligence Tool (ESG Radar) in the governance area on the basis of material risk fields. This tool supports business decisions on the customer side via the early risk identification and assessment of possible environmental and social risks. The Risk Due Diligence Tool is also continuously further developed with regard to climate-related risks.

Our ongoing analyses of insurance-related physical risks are based on the latest assessments of external suppliers and on internally collected data. According to these analyses, the risks at Siemens locations are extremely low. According to a TÜV Süd analysis (Global Risk Consultants, status October 2022), our locations have – from the insurance perspective – considerably better risk protection than the industry average (industry average: about 70; Siemens: about 80). We regularly conduct local risk assessments worldwide and continuously adjust our protection concepts. In this connection, we also coordinate recommendations regarding physical and organizational measures with our local fire protection officers, EHS officers, and site managers. The goal is to meet the objectively assessed risks with functioning protection concepts.

In 2022, we again improved our process for assessing physical risks. Together with our insurers and other external risk data providers, we annually assessed about 80% of our insured values with regard to fire protection but also to natural catastrophes such as storms, flooding, and hurricanes. In addition and in line with our EHS management system, we defined measures – such as the installation of highwater barriers and roof reinforcement – for locations where risks had been identified. Where necessary, crisis managers are appointed to continuously analyze, document, and further develop crisis plans and measures.

A risk analysis with a particular focus on natural hazards influences the selection process for new locations and the development of adequate and long-term protection measures. For example, our location in Regensburg, Germany, has implemented structural adjustments as a precautionary measure to protect against the occurrence of heavy rainfall. We analyze and model both current risk parameters and future climate scenarios and develop preventive measures.

Climate change is also having an impact on water supply. With our water strategy, we want to minimize the negative local impact of water consumption and use. We also take into account, among other things, factors such as water scarcity, water pollution, flooding, ambient fire risk, and the results of climate change. In 2021, we incorporated our water strategy into our standard guidelines, the EP Standard, after we had successfully implemented it worldwide by 2020 with the aid of Serve the Environment, our most recent environmental program. The necessary process of analysis begins with an assessment of the environmentally relevant locations using the Aqueduct Water Risk Atlas of the World Resources Institute (WRI). With the aid of an additional, specially developed internal analytic tool, Siemens assesses the risks that originate from a location's activities at the local level and places them in relation to regional water risks. Locations with a high risk assessment must define targets to reduce it. In fiscal 2022, 93% of our locations implemented this water strategy.

➤ CONSERVING RESOURCES, 📄 CDP 2022 C2, 📄 CDP 2022 WATER SECURITY

Management of climate risks along our value chain

With the aid of external risk data providers, we analyze potential risks in our supply chain, including environmental risks. Up until now, we have given climate-related risks that have an acute impact on our supply chain a low ranking. However, we analyze possible interruptions in the supply chain with the aid of proven risk indicators and have been able to ensure the resilience of our supply chain in times of major crisis (for example, COVID-19).

In addition to our Science Based Target, we have defined a target in the DEGREE framework for our upstream Scope 3 emissions: we want to reduce the emissions in our entire supply chain 20% by 2030 (Siemens without SHS). Details regarding our upstream Scope 3 emissions in fiscal 2022 can be found in the chapter

➤ SUSTAINABLE SUPPLY CHAIN PRACTICES.

In our Carbon Reduction@Suppliers approach, which is implemented with an external partner, we prepare analyses based on economic data to model the carbon footprint for each one of our suppliers. In a first step, we model our suppliers' upstream GHG emissions. In a second step, we attempt – jointly with our suppliers – to verify the values calculated in this model. For this purpose, we use a web-based tool, the Carbon Web Assessment (CWA), that shows our suppliers the most important causes of CO₂ and explains how emissions can be sustainably reduced. After the leaning phase has been completed, we retrieve the suppliers' so-called primary data in the CWA. This step enables us to calculate both the CO₂ savings that suppliers have already achieved and the further CO₂ savings that they plan for the future. The CWA enables our suppliers to plan and implement their own path toward Net Zero emissions.

➤ CONSERVING RESOURCES and ➤ SUSTAINABLE SUPPLY CHAIN PRACTICES

We also enable our customers to reduce their GHG emissions by offering them low-carbon, energy-efficient products, solutions, and services. To make our portfolio's contribution to mitigating climate change transparent, we report how much GHG emissions our products and solutions avoid compared to reference solutions and thus help our customers drive their decarbonization. In fiscal 2022, we helped our customers avoid 153 million metric tons of GHG emissions. Due to the adjustment of our method of calculation (see Annex, ➤ REPORTING PRINCIPLES FOR CUSTOMER AVOIDED EMISSIONS), this figure is not comparable to the prior-year figures set out in the former Environmental Portfolio. The Siemens technologies that make the largest contribution to the avoidance of GHG emissions at our customers are frequency converters, rail-bound passenger, and freight transport and building systems.

➤ CLIMATE ACTION and ➤ EU TAXONOMY

We also invested €5.6 billion (compared to €4.9 billion in fiscal 2021) in research and development activities that are geared toward developing innovative and sustainable solutions for our customers and for Siemens businesses and toward simultaneously strengthening our competitiveness. This is also how we make a beneficial contribution to society. Our broad technology portfolio supports both the public sector and the private sector with innovative solutions and business models in the transition to a carbon-neutral future. ➤ RESEARCH AND DEVELOPMENT

Our company-wide strategy to mitigate and adapt to climate change is supported by regional measures. In fiscal 2022, Siemens PLC in the UK, for example, began to systematically identify the climate-relevant opportunities and risks in their region and markets and assess the risks' financial implications. Represented in this project are experts from a variety of units – including Sustainability, Risk Management, and Finance. The project's findings will help Siemens PLC in the UK adjust to the impact of climate change at an early stage and strategically leverage the resulting opportunities.

Analysis of climate-related scenarios

Different climate scenarios are used at Siemens for different purposes, such as the business strategy, the decarbonization strategy, and the identification of opportunities and risks. Our decarbonization target, which is approved by the Science Based Targets initiative, is aligned with the 1.5 degrees Celsius target and therefore the Paris Agreement. Decarbonization will change the entire energy value chain in the coming decades. By providing innovative technologies, we see ourselves as a leading decarbonization partner to our customers and society in general. To fulfill this role, we must have an exact understanding of the technological changes that must be made in the next few decades and beyond. We mainly rely on the scenarios of S&P Global (formerly IHS Markit), IEA, and BloombergNEF for planning our business strategy and identifying company-wide risks and opportunities. These scenarios help us, for example, to identify trends in the energy and mobility markets. For business planning purposes, we apply different scenarios such as IHS Inflections and Green Rules, IEA STEPS, SDS, NZE and BloombergNEF New Energy Outlook (Economic Transition Scenario, three Net Zero scenarios – green, gray, and red). These scenarios help us predict market developments, assess the implications of different scenarios, and make business decisions on this basis. With a view to our own business, the analysis of climate-related scenarios enables us to predict the potential consequences in terms of regulatory requirements, R&D, and customer trends and requirements. Our business units also conduct business-specific scenario analyses. We regularly review the robustness of our program to reduce our GHG emissions with reference to external energy price scenarios and the real development of energy prices and adjust our measures as necessary. [CDP 2022 C3.2](#)

Our risk management approach to climate-related opportunities and risks

Risk management at Siemens builds on a comprehensive, interactive and management-oriented Enterprise Risk Management (ERM) approach that is integrated into the organization and that addresses both risks and opportunities. Our ERM process aims for early identification and evaluation of, and response regarding, risks and opportunities that could materially affect the achievement of our strategic, operational, financial, and compliance objectives. The time horizon is typically three years, and we take a net risk approach, addressing risks and opportunities remaining after the execution of existing and effective measures and controls. A detailed description of our enterprise risk management basic principles and process can be found in our combined management report, chapter 8.2 Risk management.

[SIEMENS FINANCIAL REPORT FOR FISCAL 2022, COMBINED MANAGEMENT REPORT, CHAPTER 8](#), [CDP 2022 C2](#)

Climate risks within the risk management system

Climate-related risks and opportunities are embedded in the Siemens-wide ERM approach, which takes into account both risks and opportunities. The consideration of sustainability and, in particular, climate-related risks and opportunities are an integral part of the regular top-down process in which material issues and trends are communicated at risk workshops to the relevant company units for the identification of risks and opportunities. As a result, issue-related recommendations are available to all businesses at their quarterly reviews. In fiscal 2022, physical climate risks, CO₂ pricing, the product carbon footprint, and the circular business model were among the items on the agenda of the top-down process and thus provided input for the annual ERM process. In fiscal 2022, we also conducted a so-called climate impact information session at which we discussed with various internal stakeholders the ways in which we are impacted by climate change (regulatory, customer requirements, reputation, etc.) and what we can do to help mitigate climate change. The goal of the session was to strengthen a joint understanding and interdisciplinary cooperation regarding climate change mitigation and adaptation.

Together with the bottom-up approach, these measures enable a comprehensive overview of our business activities and the related risks and opportunities.

Climate change is not treated as a separate category within the ERM approach, but is considered within the four topic areas of strategic, operational, financial, and compliance-related risks. Risk processes have been implemented upstream throughout the company to assess potential climate-related net risks for ERM reporting.

Material opportunities and risks are disclosed on an aggregated basis within the above-mentioned four topic areas in the Siemens annual report. [SIEMENS FINANCIAL REPORT FOR FISCAL 2022, COMBINED MANAGEMENT REPORT, CHAPTER 8](#), [CDP 2022 C2.1 AND C2.2](#)

Metrics and targets

Siemens considers climate-related risks and opportunities along the entire value chain. Accordingly, we define metrics for the reduction of greenhouse gas emissions in the supply chain, in the company's own operations, and for the goods and services we provide to our customers.

In 2015, Siemens made a pledge to achieve climate neutrality. We were the first global industrial company to take this step. By joining the Science Based Targets initiative and committing to decarbonization targets under the DEGREE framework, we have reinforced our existing decarbonization activities along the entire value chain. Our validated 1.5-degree Celsius Science Based Target, coupled with our membership of the RE100, EV100, and EP100 initiatives, is strengthening our climate protection strategy.

By joining the Science Based Targets initiative, Siemens has pledged to reduce emissions from its own operations (Scopes 1 and 2) by 50% by 2030 and its Scope 3 emissions (upstream and downstream) by 15%, compared to 2019. A number of ongoing activities will contribute to this GHG reduction, including the reduction of building emissions, the electrification of the company's motor vehicle fleet, and our Carbon Reduction @ Suppliers approach.

At Siemens, we bundle our binding targets and measures relating to climate protection under "D" (Decarbonization) in our DEGREE sustainability framework. For our KPI "Net Zero operations by 2030," we have accelerated our reduction target for our business operations (Scopes 1 and 2) for Siemens without SHS to –55% by 2025 compared to 2019. By 2030, we aim to reduce emissions by 90% instead of 50% compared to 2019. As set out in the DEGREE framework, we also aim to reduce upstream supply chain emissions 20% by 2030 (compared to base year 2020) and then reduce them to Net Zero by 2050.

After 2030, we will continue to focus on implementing carbon reduction measures in our operations. We will then offset the remaining GHG emissions with CO₂ certificates that meet established standards in order to keep our Net Zero 2030 pledge. An internal offsetting guidance has laid the basis for purchasing CO₂ certificates. This guidance is meant to ensure the consistency and quality of offset programs.

[CLIMATE ACTION](#), [CDP 2022 C3, C4, C6, C7, C9 AND C12](#)

The "R" in our DEGREE sustainability framework stands for resource efficiency. To exercise product stewardship regarding environmental protection, the comprehensive environmental program Eco Efficiency @ Siemens has defined special environmental protection priorities in the categories "Robust Eco Design" and "Clean Supply Chain."

"Robust Eco Design" (RED) pursues the vision of a product life cycle that is as environmentally compatible as possible, and in which all materials are recycled. At the same time, material and energy flows and losses are to be reduced to a necessary minimum. To achieve this, it is crucially important to begin addressing, as early as possible, the environmental impacts expected in each of the product's life-cycle phases.

The RED approach is based on the international standard IEC 62430 "Environmentally Conscious Design for Electrical and Electronic Products" and our internal EP standard. They ensure that we meet all requirements for an environmentally compatible product design.

7.5

WEF IBC Metric

Pillars	Theme	Core metrics	Reference	Omission
Principles of Governance	Governing purpose	Setting purpose The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	Sustainability Report 2022 Siemens at a glance p. 7 ff	
	Quality of governing body	Governance body composition Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	Annual Financial Report 2022 Annual Financial Statements 6. Notes 30 Members of the Managing Board and Supervisory Board p. 125 f www.siemens.com/global/en/company/about/management.html www.siemens.com/global/en/company/about/supervisoryboard/committees.html	
	Stakeholder engagement	Material issues impacting stakeholders A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	Sustainability Report 2022 Materiality assessment p. 30 ff	
	Ethical behaviour	Anti-corruption 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	Sustainability Report 2022 Compliance p. 40 ff Our sustainability indicators p. 110 ff	
		Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	Sustainability Report 2022 Compliance p. 40 ff Our sustainability indicators p. 110 ff	
	Risk and opportunity oversight	Integrating risk and opportunity into business process Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	Annual Financial Report 2022 Combined Management Report 8. Report on expected developments and associated material opportunities and risks p. 23 ff	

Pillars	Theme	Core metrics	Reference	Omission
Planet	Climate change	<p>Greenhouse gas (GHG) emissions</p> <p>For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO₂e) GHG Protocol Scope 1 and Scope 2 emissions.</p> <p>Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.</p>	<p>Sustainability Report 2022</p> <p>Climate action p. 68 ff</p> <p>Conserving resources p. 74 ff</p> <p>Our sustainability indicators p. 110 ff</p>	
		<p>TCFD implementation</p> <p>Fully implement the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation.</p> <p>Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above preindustrial levels and pursue efforts to limit warming to 1.5°C – and to achieve Net Zero emissions before 2050.</p>	<p>Sustainability Report 2022</p> <p>Task Force on Climate-Related Financial Disclosures (TCFD) p. 136 ff</p>	
	Nature loss	<p>Land use and ecological sensitivity</p> <p>Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA)</p>	<p>Sustainability Report 2022</p> <p>Conserving resources p. 74 ff</p> <p>Our sustainability indicators p. 110 ff</p>	
	Freshwater availability	<p>Water consumption and withdrawal in waterstressed areas</p> <p>Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool.</p> <p>Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.</p>	<p>Sustainability Report 2022</p> <p>Conserving resources p. 74 ff</p> <p>Our sustainability indicators p. 110 ff</p>	

Pillars	Theme	Core metrics	Reference	Omission
People	Dignity and equality	Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	Sustainability Report 2022 Diversity, Equity & Inclusion p. 95 ff Our sustainability indicators p. 110 ff	
		Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Sustainability Report 2022 Working at Siemens p. 89 ff Our sustainability indicators p. 110 ff	Siemens pursues the principle of performance-related compensation – regardless of gender. Remuneration data is regarded confidential and is therefore not reported.
		Wage level (%) Ratios of standard entry level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.		Siemens pursues the principle of performance-related compensation – regardless of gender. Remuneration data is regarded confidential and is therefore not reported.
		Risk for incidents of child, forced or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	Sustainability Report 2022 Human rights p. 48 ff Sustainable supply chain practice p. 53 ff Business Conduct Guidelines: https://assets.new.siemens.com/siemens/assets/api/uuid:c7eb75c9-c6b6-4e9f-985b-fe5c361426c/business-conduct-guidelines-en.pdf	
	Health and wellbeing	Health and safety (%) The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	Sustainability Report 2022 Occupational health and safety management p. 101 ff Our sustainability indicators p. 110 ff	
	Skills for the future	Training provided (#, \$) Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	Sustainability Report 2022 Professional education and lifelong learning p. 98 ff Our sustainability indicators p. 110 ff.	

Pillars	Theme	Core metrics	Reference	Omission
Prosperity	Employment and wealth generation	Absolute number and rate of employment 1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	Sustainability Report 2022 Professional education and lifelong learning p. 98 ff Our sustainability indicators p. 110 ff	
		Economic contribution 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: – Revenues – Operating costs – Employee wages and benefits – Payments to providers of capital – Payments to government – Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	Siemens Annual Financial Report 2022 Consolidated Financial Statements p. 39 ff	
		Financial investment contribution 1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. 2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	Annual Financial Report 2022 Consolidated Financial Statements 6. Note 19 Equity p. 64 Annual Financial Statements 3. Note 15 Shareholder's Equity p. 119 f	
	Innovation of better products and services	Total R&D expenses Total costs related to research and development	Sustainability Report 2022 Research & Development p. 25 ff	
	Community and social vitality	Total tax paid The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Annual Financial Report 2022 Consolidated Financial Statements 6. Note 2 Material accounting policies and critical accounting estimates p.44 ff Note 7 Income Taxes p. 52 f Annual Financial Statements 3. Note 13 Deferred tax assets p. 118	

7.6

SASB – Electrical Electronic Equipment Index

Topic	Codified Metric Code	Disclosure	Reference	Omission
Energy Management	RT-EE-130a.1	(1) Total energy consumed	Sustainability Report 2022: Environment – Conserving resources, p. 74 ff (Energy used reduced), Our sustainability indicators, p. 110 ff	
	RT-EE-130a.1	(2) Percentage grid electricity		
	RT-EE-130a.1	(3) Percentage renewable		
Hazardous Waste Management	RT-EE-150a.1	Amount of hazardous waste generated, percentage recycled	Sustainability Report 2022: Environment – Conserving resources, p. 74 ff, (Efficient Waste management), Our sustainability indicators, p. 110 ff	
	RT-EE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered	Sustainability Report 2022: Environment – Conserving resources, p. 74 ff, (Incident relevant to the environment), Our sustainability indicators, p. 110 ff	
Product Safety	RT-EE-250a.1	Number of recalls issued, total units recalled	not applicable	Siemens has established a comprehensive, company-wide product safety system to ensure our products comply with applicable legal safety requirements and meet the latest technical safety standards so that they do not pose a threat to the life or health of users or other third parties. Under this system, all company units are required to ensure that their products comply with the state of the art in safety matters. Also, the units are obliged to carry out systematic product monitoring and take the necessary corrective actions to remedy potential product safety deficiencies.
	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	Annual Financial Report 2022 Consolidated Financial Statements 6. Notes 22 Legal Proceedings, p. 66	

Product Lifecycle Management	RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Sustainability Report 2022: Environment – Product stewardship p. 79 ff Our sustainability indicators, p. 110 ff
	RT-EE-410a.2	Percentage of eligible products by revenue that meet ENERGY STARR criteria	not applicable
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	Sustainability Report 2022: Environment – Climate action, p. 68 ff, Our sustainability indicators, p. 110 ff
Materials Sourcing	RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	Sustainability Report 2022: Environment – Product stewardship, p. 79 ff (Risk-conscious handling of declarable substances), Sustainable supply chain practices, p. 53 ff (Responsibility for the world-wide supplier network)
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Sustainability Report 2022: Compliance and ethics, p. 40 ff
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with incidents relating to bribery or corruption	Annual Financial Report 2022: Consolidated Financial Statements 6. Notes 22 Legal Proceedings, p. 66 Sustainability Report 2022: Compliance and ethics, p. 40 ff
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Annual Financial Report 2022: Consolidated Financial Statements 6. Notes 22 Legal Proceedings, p. 66 Sustainability Report 2022: Compliance and ethics, p. 40 ff
Activity metric	RT-EE-000.A	Number of units produced by product category	not applicable
	RT-EE-000.B	Number of employees	Sustainability Report 2022 Working at Siemens p. 89 ff Our sustainability indicators p. 110 ff

7.7

United Nations CEO Water Mandate

Progress report

Siemens became a signatory to the United Nations CEO Water Mandate in 2008. We are continuing to support the Mandate in two ways: by managing water efficiently at our own facilities and by providing solutions that help our customers handle water and wastewater more efficiently.

Our own activities

We are continuing to implement the approach to water resource management that was developed in 2012. This includes monitoring factors like water scarcity, water pollution, flooding, environmental fire risks, and consequences of climate change, as well as performing site-specific risk analyses. Individual goals and measures must be defined for locations with high water-related risks. This approach minimizes site-specific adverse impacts of our water consumption by taking account of local risks like water scarcity, water pollution or flooding of environmentally sensitive areas. You can find out more about conserving resources and water consumption at Siemens locations in the [➤ ENVIRONMENT](#) section of this report.

We use resources carefully and avoid wasting them wherever possible – for example, by participating in the Leadership in Energy and Environmental Design (LEED) certification program, whose focuses include efficient water utilization as a key planning element. We require LEED certification for all our new construction projects.

Our supply chain partners

The environmental protection requirements for our supply chain partners are set out in the Siemens Group Code of Conduct for Siemens Suppliers and Third Party Intermediaries. Further information on these requirements and on supply chain management is available in the [➤ SUSTAINABLE SUPPLY CHAIN PRACTICES](#) section of this report.

Our customers

We support our customers with water management solutions.

Advanced water extraction

Siemens has been commissioned by the A3C consortium to equip eight seawater desalination plants in Saudi Arabia with process automation systems, drive technology, process instrumentalization systems, and communications technology. This order follows an earlier agreement in which Siemens was named the main contractor to supply the electrical, automation, and instrumentation packages for the world's first large-scale solar-powered seawater desalination plant. Due to the use of solar power, CO₂ emissions at the plant, which is located near the Saudi Arabian city of Al Khafji, are considerably lower than those at plants powered by electricity from non-renewable sources. Siemens' technology also ensures plant availability of around 98%.

Partnerships to reduce water loss

Siemens and BuntPlanet have signed a distribution agreement that enables them to offer advanced solutions and provide a wide-ranging portfolio of hardware, software, and services for water distribution networks. Particularly in the area of leakage detection, the partnership helps Siemens customers reduce water loss, ensure a reliable water supply, and significantly increase energy efficiency. Through this collaboration, both partners are making a major contribution toward providing sustainable water supplies worldwide.

Social commitment

Through our memberships in international organizations, we participate in numerous initiatives and projects such as the water project on the Action 2020 platform of the World Business Council for Sustainable Development. We initiate, implement, and support projects to foster efficient water use in various regions

of the world. The Siemens Stiftung, Siemens' nonprofit foundation in Germany, applies an entrepreneurial approach to supplying communities with clean drinking water. One example of a project is:

The WeTu social enterprise – Kenya

The WeTu social enterprise founded by Siemens Stiftung works on innovative solutions for supplying energy and drinking water to communities on Lake Victoria. Its WeWater unit operates 11 water dispensing stations at various locations that supply their surrounding rural communities with safe, filtered drinking water at economical prices.

In a multi-stage process, surface water is processed with various pre-filters, an ultra-filtration membrane, and finally UV disinfection. Drinking water is dispensed around the clock by way of a cashless ATM system. This approach supplied more than 3 million liters of drinking water to 14,000 people last year. A variety of social marketing measures also alert customers about how contamination can occur in home use, and how contaminated drinking water affects health.

You can find out more about Siemens Stiftung projects at:

 WWW.SIEMENS-STIFTUNG.ORG/PROJECTS/WETU/

7.8

Independent auditor's report on a limited assurance engagement

The assurance engagement performed by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft relates exclusively to the German PDF-version of the Sustainability Report 2022 of Siemens Aktiengesellschaft. The following text is a translation of the original German Independent Assurance Report.

TO SIEMENS AKTIENGESELLSCHAFT, BERLIN AND MUNICH

We have performed a limited assurance engagement on the Sustainability Report of Siemens Aktiengesellschaft, Berlin and Munich (hereafter the "Company"), for the reporting period from October 1, 2021 to September 30, 2022 (hereafter the "report").

Our engagement exclusively relates to the German PDF-version of the report. Our engagement did not include the information in the Annex to the report as well as any prospective disclosures and links to other web pages. The report is published as a PDF-version at www.siemens.com/investor/en.

RESPONSIBILITIES OF MANAGEMENT

The Company's management is responsible for the preparation of the report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (hereafter the "GRI criteria") and for the selection of the information to be assessed.

These responsibilities of the Company's management include the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as management considers necessary to enable the preparation of a report that is free from material misstatement, whether due to fraud (manipulation of the report) or error.

INDEPENDENCE AND QUALITY ASSURANCE OF THE AUDIT FIRM

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements, in particular the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1), and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

RESPONSIBILITIES OF THE AUDITOR

Our responsibility is to express a conclusion with limited assurance on the report based on our assurance engagement.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's report is not prepared, in all material respects, in accordance with the GRI criteria.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Inquiries of employees and inspection of documents concerning the sustainability strategy, sustainability principles and sustainability management including the stakeholder dialog of Siemens AG,
- Inquiries of employees responsible for data capture and consolidation as well as the preparation of the report, to evaluate the reporting processes, the data capture and compilation methods as well as regarding internal controls to the extent relevant for the assurance of the report,
- Identification of likely risks of material misstatement in the report,
- Analytical procedures on selected disclosures in the report at Group level and at the level of the Industrial Businesses,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data at Group level, at the level of the Industrial Businesses and at selected sites,
- Inquiries of employees on material qualitative statements in the report as well as the inspection of selected underlying documents,
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report,
- Evaluation of the presentation of the report.

ASSURANCE CONCLUSION

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability Report of Siemens Aktiengesellschaft for the period from October 1, 2021 to September 30, 2022 is not prepared, in all material respects, in accordance with the GRI criteria.

RESTRICTION OF USE

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the assurance report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the assurance report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

GENERAL ENGAGEMENT TERMS AND LIABILITY

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated January 1, 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (WWW.DE.EY.COM/GENERAL-ENGAGEMENT-TERMS). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the assurance report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, December 5, 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Breitsameter	Johne
Wirtschaftsprüferin	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

7.9

Notes and forward-looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in prospectuses, in presentations, in material delivered to shareholders, and in press releases. In addition, our representatives may from time to time make oral forward-looking statements.

Such statements are based on the current expectations and certain assumptions of Siemens’ management; many of them are therefore beyond Siemens’ control. These are subject to a number of risks, uncertainties, and factors, including, but not limited to those described in disclosures, in particular in the chapter Report on risks and opportunities, and including reports on expected development of the Annual Report. Should one or more of these risks or uncertainties materialize, events of force majeure, such as pandemics, occur, or should underlying expectations including future events occur at a later date or not at all or assumptions prove incorrect, actual results, performance, or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement “Notes and forward-looking statements” in the SIEMENS SUSTAINABILITY REPORT 2022. Siemens neither intends nor assumes any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes – in the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens’ net assets and financial positions or results of operations as presented in accordance with the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.

This document is an English-language translation of the German document. In case of discrepancies, the German-language document is the sole authoritative and universally valid version.

7.10

Further information and information resources

Additional information

The online version of the Siemens annual financial report 2022 is available at:

 [WWW.SIEMENS.COM/ANNUALREPORTS](https://www.siemens.com/annualreports)

Further sustainability information

Further information on our commitment to sustainability and sustainability figures are available at:

 [HTTPS://NEW.SIEMENS.COM/GLOBAL/EN/COMPANY/SUSTAINABILITY.HTML](https://new.siemens.com/global/en/company/sustainability.html)

 [HTTPS://NEW.SIEMENS.COM/GLOBAL/EN/COMPANY/SUSTAINABILITY/SUSTAINABILITY-FIGURES.HTML](https://new.siemens.com/global/en/company/sustainability/sustainability-figures.html)

Further information on research, development, and innovation at Siemens is available at:

 [HTTPS://WWW.SIEMENS.COM/GLOBAL/EN/COMPANY/INNOVATION.HTML](https://www.siemens.com/global/en/company/innovation.html)

Further information on Siemens Stiftung is available at:

 [WWW.SIEMENS-STIFTUNG.ORG/EN/](https://www.siemens-stiftung.org/en/)

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