

# Regional sales activities – Representation rights and sales rights

Governance Area	Customer Relationship Management - Finance		
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Scope of validity	all Siemens Healthineers Companies		

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## Target group

This Directive applies to all employees of the world-wide Siemens Healthineers organization, who in the context of their job take part in planning, acquisition, preparing, compiling, allocating, updating, archiving and reporting representation rights and Sales Rights.

## Purpose

Siemens Healthineers Products of all Business Areas are distributed worldwide through a network of a large number of Siemens Healthineers Companies and external business partners. Sales partners (resellers, packagers, consolidators, ...) reselling Siemens Healthineers Products project based do not fall under this Directive.

This Directive defines the general principles and responsibilities for the acquisition of Sales Rights and their allocation to Siemens Healthineers Companies and external sales partners, in order to enable an optimal exploitation of the market and avoid conflicts that may lead to excessive claims for compensation by third parties and/or the exclusion of Siemens Healthineers from doing business in entire countries.

It is applicable for the acquisition and allocation of Sales Rights for all Products, systems, services, including software, be it as a stand-alone solution or in software-as-a-service business models. Agreements allocating Sales Rights for software Products and services do not substitute appropriate software license agreements which may be required based on the respective business model.

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## 1 Glossary

### Specific roles

HQ Sales Rights Management	REG-FI DES-BA SF and LD LC ESB and "BA VAR" as representatives for all Siemens Healthineers headquarters entities originally owning Representation & Sales Rights (for details please refer to chapter 2.1)
Zones Sales Rights Coordinator (ZSRC)	Person to be appointed by Zone Management in each Zone to cover specific tasks as defined in this Directive (for details please refer to chapter 2.1)
VAR Channel Management	Function in VAR regions and BL IS responsible for allocation and handling of external Representation & Sales Rights agreements according to Varian processes and for internal agreements executed by T VAR TP

### Specific terms

Distributors	<p>Distributors sell Siemens Healthineers Products in their own name and for their own account. They are distinguished from customers with framework supply agreements and end customers in that they are integrated into Siemens' sales organization, for example, through:</p> <ul style="list-style-type: none"> <li>- an obligation to take action to promote sales and/or to achieve specified minimum sales commitments</li> <li>- the sales of Products taking priority over competitors' Products, by the sales of competitors' Products being possible only with Siemens Healthineers' consent or by a prohibition of competition</li> <li>- reporting obligations for the purpose of monitoring sales promotion or specifications on the layout of sales areas and/or obligations to exhibit and/or demonstrate Products.</li> </ul>
Sales Agents	Sales Agents represent Siemens Healthineers with its Products and receive performance-related commissions in return for mediating transactions between Siemens Healthineers and customers. They act on behalf of and for the account of Siemens Healthineers Companies. Sales Agents may be Siemens Healthineers Companies as well as external sales partners.
Sales Rights	<p>The term "Sales Rights" is the right to represent Siemens Healthineers with its Products and/or to sell such Products of Siemens Healthineers and comprises the authorization of sales partners.</p> <p>Siemens Healthineers may grant Sales Rights to Siemens Healthineers Companies and external sales partners.</p>
Sales Rights Agreement	Written Agreement that includes the acquisition or allocation of Representation & Sales Rights to controlled Siemens Healthineers Companies, Sales Agents or Distributors and also defines the rights and obligations of the contractual parties.

## 2 Procedure/Requirements

### 2.1 Terms, roles and responsibilities

#### 1<sup>st</sup> level:

All Sales Rights Agreements with Siemens Healthineers headquarters entities originally owning Sales Rights (i.e.

Siemens Healthcare GmbH, Siemens Healthcare Diagnostics Inc and Siemens Healthcare Diagnostics Products GmbH, Varian Inc., Varian Medical Systems UK Ltd., Varian Medical Systems Haan GmbH and Varian Medical Systems International AG, Varian Medical Systems Particle Therapy GmbH).

2<sup>nd</sup> level:

All Sales Rights Agreements entered into bilaterally by a Siemens Healthineers Company that are not 1<sup>st</sup> level Sales Rights Agreements.

“Standard Contract Lifecycle Management Application for Siemens Healthineers” (CLMA):

The Contract Archive (CA) currently serves as this standard for Business Areas DI, AT, US, DX and for VAR internal agreements. VAR external agreements are captured in the Unity CLM (Apptus).

Products:

Products mean products, systems, services, including software (be it as stand-alone software and/or in software-as-a-service business models) including any of their respective successor products, systems, services and software, insofar as Siemens Healthineers holds the respective Sales Rights in the relevant territory.

HQ Sales Rights Management:

In view of the economic risks of the Sales Right allocation (i.e. contempt of contractual agreed or statutory exclusivity) and optimal exploitation of the market, the careful demarcation of the sales competencies of Siemens Healthineers Companies and external sales partners through transparent and comprehensible arrangements are essential. HQ Sales Rights Management is responsible to balance the interests of Business Areas/Business Lines/Horizontal, Regions/Zones/Countries and Siemens Healthineers as a whole, drive contract economics, set unified standards for the acquisition and allocation of Sales Rights and provide transparent and reliable documentation on Sales Rights.

Zone Sales Rights Coordinator:

To support the fulfillment of the above tasks, the management of each Zone is required to nominate and maintain a “Zone Sales Rights Coordinator” (ZSRC) to cover in particular the following tasks:

- Central contact for its Zone and interface to the HQ Sales Rights Management for any sales right related issues in consideration of all principles governing the acquisition and allocation of Sales Rights laid down in this Directive
- ensure adherence -to the approved Go-to-Market strategy with respect to the allocation of Sales Rights
- ensure a transparent documentation of the Sales Rights Agreements of its Zone
- monitor avoidance of Sales Rights conflicts within its Zone (i.e. violation of exclusivity or unintended competition)
- monitor use of current and correct contract templates for Sales Rights Agreements for its Zone provided by HQ Sales Rights Management
- monitor “localization” of relevant contract templates and adaptation to the respective applicable laws and regulations (where necessary) in alignment with the relevant functions and finally released from the responsible local Legal organization

## 2.2 Acquisition of Sales Rights

To ensure coordinated allocation the Sales Rights held by Siemens Healthineers companies with regard to their own Products must in principle be allocated to Siemens Healthcare GmbH in alignment with HQ Sales Rights Management and in cooperation with Tax (as appropriate) through appropriate agreements, such as general agreements on representation. In exceptional cases, the relevant Business Areas/Business Lines/Horizontal in cooperation with HQ Sales Rights Management and Tax (as appropriate) may decide to market specific Products based on different contractual and/or business structures. In any case, the acquired and allocated Sales Rights shall be registered in CLMA as per 2.1.

As a rule, Siemens Healthineers does not operate as a sales agent or distributor for third party Products. In exceptional cases, Sales Rights for non-Siemens Healthineers Products are acquired only to complement Siemens Healthineers' own range of goods and services.

Irrespective of whether Sales Rights are acquired from third parties or Siemens Healthineers Companies, clear arrangements must be made in such cases at least with regard to the following matters in order to protect Siemens Healthineers' interests and ensure compliance with applicable anti-trust and other mandatory laws and regulations:

- sales territory
- exclusive or non-exclusive Sales Right
- contractual Products (including upgrades, further developments and follow-on Products and with a provision relating to any technical adjustments required)
- use of the name and of the trademark belonging to a manufacturer other than Siemens Healthineers and
- an appropriate term of agreement and termination right.

Any acquisition of Sales Rights for non-Siemens Healthineers Products by Siemens Healthineers Companies requires prior consent of the responsible Business Areas/Business Lines/Horizontal in cooperation with HQ Sales Rights Management.

## 2.3 Allocation of Sales Rights

### 2.3.1 Principles

In consideration of Siemens Healthineers' overall interest, the Head of Business Areas/Business Lines/Horizontal is responsible to align on whether to allocate the Sales Rights for its specific Products for a specific territory with the respective Region/Zone/Country being responsible for the definition and implementation of its respective Go-to-Market concept.

In principle, the Sales Rights for a particular range of Products will be allocated to Siemens Healthineers Companies on a non-exclusive basis. Only in cases where an exclusive appointment is legally required, Sales Rights can be allocated exclusively. However, it is taken into account that also in these cases the Sales Rights for specific Products can be granted on a non-exclusive basis only.

As a rule, the allocation of Sales Rights to Siemens Healthineers Companies will be free of charge. Unless otherwise stipulated by mandatory legal requirements, amendments to or termination/expiration of Sales Rights Agreements between Siemens Healthineers Companies will not establish any right to the payment of compensation.

### 2.3.2 Allocation of Sales Rights to external sales partners

Unless otherwise stipulated by applicable mandatory laws or regulations, Sales Rights may be allocated to external sales partners only in justified cases and on a non-exclusive basis.

Where Sales Rights have already been allocated to a Siemens Healthineers Company for the concerned territory, any new Sales Rights Agreement with an external sales partner on the 1<sup>st</sup> level covering the same territory and Products may only be concluded after agreement with the relevant Head of Region-/Zone-/ Country. In such cases the relevant Heads of Business Areas/Business Lines/Horizontal shall consult at an early stage with the relevant Heads of Region/Zone/Country and HQ Sales Rights Management. The relevant Sales Rights Agreement should be drafted in the form of a tri-party sub-agency and/or sub-distributorship agreement to allocate Sales Rights in question to the external sales partner. Where appropriate, ordering, supply and processing, including the payment of any commission due, will be handled directly by the relevant Business Areas/Business Lines/Horizontal and the external sales partner.

In case of a 2<sup>nd</sup> level allocation of Sales Rights to an external sales partner, the respective Siemens Healthineers Company may bilaterally transfer the Sales Rights in its sales territory. In such cases, the transfer will, as a rule, be limited, subject to mandatory antitrust regulations, to the scope of Sales Rights granted to the respective Siemens Healthineers Company (for example with regard to the exclusivity, the sales territory, Products).

A process description of the mandatory procedural steps that need to be taken regarding the creation, execution, monitoring/renewal and discontinuation/termination of 1<sup>st</sup> level and 2<sup>nd</sup> level Sales Rights Agreements with external sales partners is shown in Annex 1 and 3 to this Directive.

### 2.3.3 Allocation of Sales Rights to Siemens Healthineers Companies

A process description of the mandatory procedural steps that need to be taken regarding the creation, execution, monitoring and discontinuation/termination of Sales Rights Agreements between Siemens Healthineers Companies is shown in Annex 2 to this Directive.

### 2.3.4 Detailed regulations regarding the allocation of Sales Rights

The following matters must be specified as part of contractual agreements when allocating Sales Rights, subject to antitrust regulations:

- the regional sales territory
- the exclusivity or non-exclusivity of the Sales Right
- contractual Products (including upgrades, further developments and follow-on Products and with a provision relating to any technical adjustments required)
- the sales activities and obligations of the sales agent and/or distributor – in particular, with regard to the training and employment of sales personnel, inventory management, the provision of showrooms, the provision of assembly, commissioning and service capacities, and reporting
- the rights to use the Siemens Healthineers name and trademark or other registered trademarks
- prohibition of competition with regard to the sale of competitors' Products and
- term and termination rights

The sample texts provided by HQ Sales Rights Management in collaboration with Legal must be used for allocating Sales Rights and concluding commission agreements, with adjustments to meet local legal requirements where necessary by involving Legal. It is not permissible to use other forms of agreement for the allocation of Sales Rights.

### 2.3.5 Specifics for agreements with Siemens Healthcare GmbH (584k)

In case of intermediary activities by the Sales Agent, a project-related commission agreement is to be entered into, prior to the conclusion of the customer contract, with reference to the respective agency agreement, between Siemens Healthcare GmbH (584k) and the commission recipient. The agreement is to be executed in writing.

### 2.3.6 Specifics for allocation of Sales Rights for in-vitro diagnostic Products

As a rule, Sales Rights regarding Products of the Business Area Diagnostics for a given territory shall be allocated to the Siemens Healthineers Company that is functionally responsible for conducting sales activities in the respective territory. Sales Rights Agreement with external sales partners on the 1<sup>st</sup> level shall only be concluded in exceptional cases, if required by relevant business aspects and Siemens Healthineers' overall business interest. Such exception has to be aligned between the Head of Business Area Diagnostics, the relevant Region/Zone/Country organization, HQ Sales Rights Management and, if necessary, Taxes.

### 2.3.7 Specifics for allocation of Sales Rights for Varian Products

VMS Inc. is the contracting party for allocating Varian Sales Rights limited to BL ROS and MDO to Healthineers entities. Any other internal agreements are created between Sales Rights Owners and Varian Legal entities only.

External agreements for ROS, MDO and PS are created between Varian entity conducting business and the Business Partner. Varian Channel Management is process owner for all Sales Rights activities with external partners.

Sales Rights agreements for BL IS are centralized at VAR LC IS for internal and external partners.

Sales Rights and related activities (Compliance, Business, Monitoring including interfaces to CRM / ERP systems) are described in process descriptions (toolkits) regional and for BL IS.

### 2.3.8 Sales rights in the event of strategic alliances/partnerships

The definitions for the acquisition and allocation of Sales Rights apply also in the case of strategic alliances/partnerships. The respective Business Areas/Business Lines/Horizontal together with the affected Region/Zone/Country organizations align the acquisition and allocation of Sales Rights and the respective agreements resulting from strategic alliances/partnerships with HQ Sales Rights Management.

### 2.3.9 Sales Rights in the event of acquisitions, carve outs and divestments

HQ Sales Right Management Team is in charge to evaluate relevance and effect regarding Sales Rights for all M&A activities.

The planned basic sales structure in the countries (for example, the integration into existing Siemens Healthineers Companies or the establishment of separate sales units/channels) shall be included in the M&A process.

In accordance with the fundamental structure adopted and with due consideration for the existing Sales Rights Agreements, the relevant Business Areas/Business Lines/Horizontal are responsible for specifying the procedure for the individual territories. In case of divestments of business activities, the interests of the buyers are to be considered. Existing Sales Rights Agreements are to be amended as necessary to reflect changes following in accordance with the specifications for the country in question.

In case of carve-outs this Directive remains applicable as long as the respective company(ies) remain Siemens Healthineers Companies.

## 2.4 Coordination of acquisition and allocation of Sales Rights

The HQ Sales Rights Management ensures uniform standards for the acquisition and allocation of Sales Rights and transparent documentation for Sales Rights.

REG-FI as Governance Area, in alignment with LD LC ESB and "BA VAR", as appropriate, is responsible for:

- the definition of principles for the acquisition and allocation of Sales Rights
- the specification of arrangements regarding the acquisition and allocation of Sales Rights (for example, samples of agency and distributorship agreements, commission agreements and representatives' authorizations)
- advice and support for the Business Areas/Business Lines/Horizontal and the relevant Region-/ Zone-/Country on matters relating to the policy of allocating rights and the direction of Sales Rights policy with regard to Siemens Healthineers' overall interests
- collaboration on individual agreements regarding the acquisition, allocation, amendment and withdrawal of Sales Rights, including sub-Sales Rights and representatives' authorizations for Siemens Healthineers Companies and external sales partners
- documentation in a company-wide information system (CLMA).

## 2.5 Archiving and Reporting

### 2.5.1 Archiving

In order to achieve transparency and retrievability each Siemens Healthineers Company must ensure that all Sales Rights Agreements including amendments, exhibits and related documents are properly documented in CLMA. Such agreements must be classified in the Contract Group "Sales Rights" respectively TPIA to allow comprehensive reporting on a global level.

### 2.5.2 Reporting

In order to support the Regions/Zones/Countries defining their go-to-market concepts it is essential that inter alia reliable information about the status quo of allocated Sales Rights can be provided by HQ Sales Rights Management and/or the Zones Sales Rights Coordinators. Hence, HQ Sales Rights Management and the Zones Sales Rights Coordinators ("ZSRC") need to ensure that an up-to-date reporting about the currently allocated Sales Rights in their respective scope of responsibility can be provided on request within a reasonable period of time. The ZSRC is further responsible to support HQ Sales Rights Management on request with obtaining relevant additional information and documents.

## 3 Implementation notes

The documentation in CLMA shall be executed continuously to secure transparency.

The Control Requirement is suspended for Varian entities in FY 2022 and will be activated for FY 2023.

## 4 Risk and Internal Control (R/IC/) requirements

Compliance with the Control Requirements is to be ensured by the Management of the respective ARE (ARE-CEO, ARE-CFO) through the implementation of appropriate processes and controls. The assessment approach defined by the Governance Owner must be implemented analogously in accordance with the IC system.

The Control Requirements resulting from this Regulation are:

<u>PCMB ref.</u> 1.5.3.1	that all AREs which received representation and sales rights from HQ allocate their sales rights to external sales partners only in writing and in accordance with the respective content and process requirements
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## Appendix

### a) Document Release

Role	Name, First Name	Org. Code
Governance Owner	Pierer von Esch, Michael	REG-FI
Content Owner	Pommert, Mario	REG-FI DES-BA
Content Owner	Biermann, Ariane	REG-FI DES-BA SF
Content Owner	Gschwender, Nicole	REG-FI DES-BA SF
Author	Grau, Jürgen	REG-FI DES-BA SF

### b) Change History

Revision	Changes	Date	Author
2.3	<ul style="list-style-type: none"> <li>- Update reference documents; PMOF 2_D_75 converted to 1_D_109 and withdrawal of REG-FI PRM process</li> <li>- Update department names</li> <li>- Deletion of first two clauses in chapter 2.3.5 as no longer valid</li> </ul>	20.07.2021	J. Grau
2.4	<ul style="list-style-type: none"> <li>- Integration of Varian including definitions, roles and additional clause for Varian specifics</li> <li>- Additional Annex 3 for process description external in BA VAR</li> </ul>	15.03.2022	J. Grau

### c) Reference documents

- Regulation with regard to "Business Partner Compliance" in [1\\_D\\_6](#)
- Regulation with regard to "Partner Management Operating Framework (PMOF)" [1\\_D\\_109](#)

### d) List of attachments

- [Annex 1](#): Process description Sales Rights Allocation 1<sup>st</sup> and 2<sup>nd</sup> level to external Partners
- [Annex 2](#): Process description Sales Rights Allocation 1<sup>st</sup> and 2<sup>nd</sup> level to Siemens Healthineers Companies
- [Annex 3](#): Process description Sales Rights Allocation 1<sup>st</sup> and 2<sup>nd</sup> level to Varian external Partners