

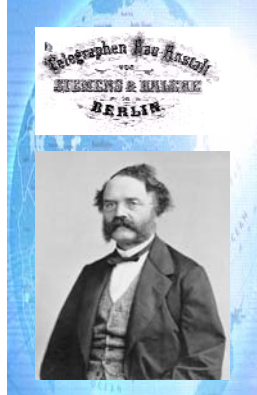
Lessons Learned

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Amsterdam December 3, 2009



A company with a long tradition... but



- 1847** Werner von Siemens invents the pointer telegraph and founds Siemens & Halske in Berlin
- 1870** Siemens completes the Indo-European telegraph line
- 1879** Siemens presents world's first electric railway
- 1899** Siemens builds first streetcar system in China
- 1903** Siemens-Schuckertwerke becomes the leader in both communications and power technology
- 1951** Resurgence of overseas business with the construction of large-scale projects in Argentina, India and Egypt
- 1983** Siemens develops megabit memory chips
- 2001** Siemens AG is listed on the New York Stock Exchange
- 2008** New corporate structure and alignment of portfolio with megatrends

Then disaster struck – November 2006



How did it come to this?




Four myths about corruption

- 1 'Everybody does it.' Or: 'It's simply part of the culture in some countries'
 - 1a 'It was legal before 2000.'
- 2 'I did it for the company. I didn't put any money in my own pocket'
- 3 'We're having these problems only because Siemens is listed on the New York Stock Exchange'
- 4 'The U.S. government did this for General Electric'



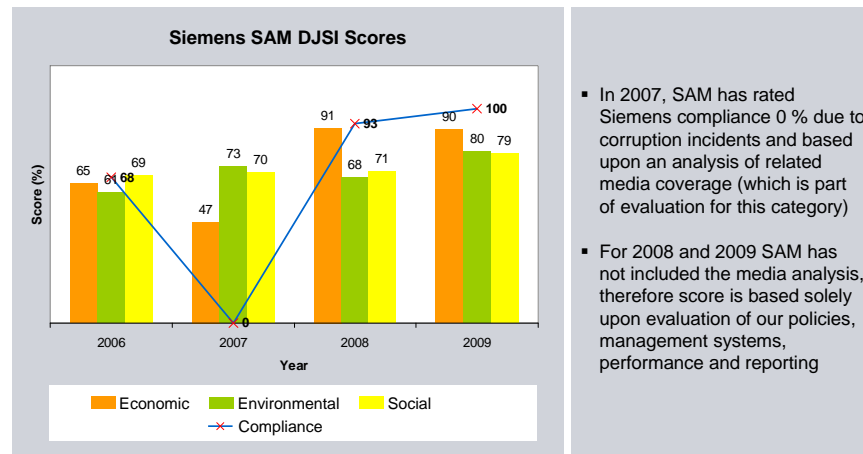
Achievements

<p style="text-align: center; margin: 0;">What we did</p> <ul style="list-style-type: none"> ▪ More than 5,000 consulting agreements evaluated ▪ 40 million bank account statements, 100 million documents and 127 million transactions reviewed ▪ One in five employees pitched in at some point 	
<p style="text-align: center; margin: 0;">What we achieved</p> <ul style="list-style-type: none"> ▪ Conclusion of legal proceedings in Germany and US in record time (less than two years) ▪ First Compliance Monitor who is not a U.S. citizen ▪ First ever reduction of fines because of outstanding cooperation ▪ Internal control mechanisms 'set a new standard' 	
<p style="text-align: center; margin: 0;">Two Years Later: Out of the line of fire and a new company</p>	

Siemens Compliance has reached maximum score at SAM DJSI Assessment 2009



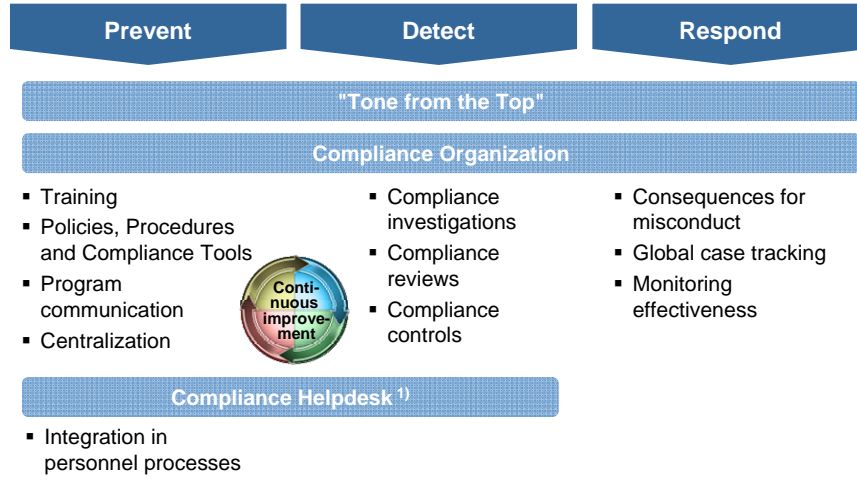
Siemens is sector leader in the diversified industrials sector



Five lessons we learned at Siemens

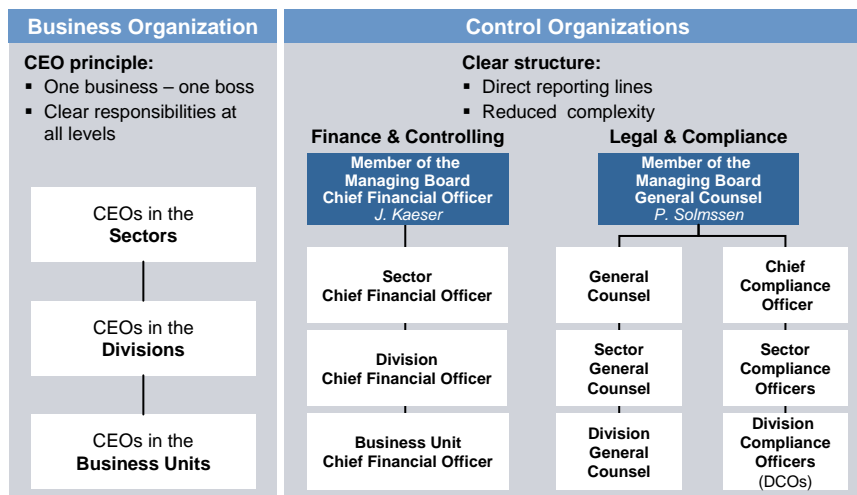
- 1 **Corruption becomes an addiction that's hard to break**
- 2 **Just say no! You'll get the business anyway**
- 3 **Personal responsibility: You see it, you own it**
- 4 **A commitment to integrity and ethical business has to come from the top**
- 5 **Only business based on integrity is sustainable business**

Looking forward: the Siemens Compliance Program



1) incl. Global Ombudsman function
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Change Structure to Change Culture



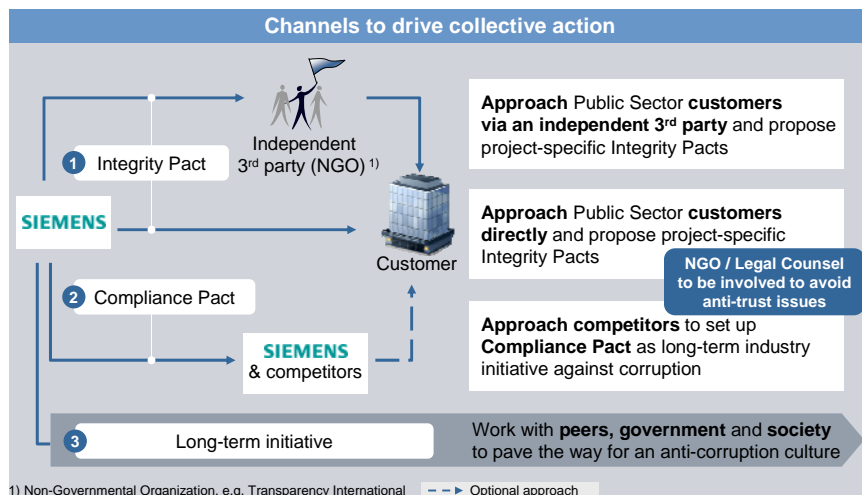
What can we do?



Cartel of the Good



Create level playing fields through collective action



Don't forget 'why?'

The real costs to people

- ➔ Corruption is a tax on the poorest of the poor
- ➔ Corruption adds up to 10 percent to the total cost of doing business globally
- ➔ Total volume of bribes paid annually is US\$ 1 trillion – Twice the GDP of Africa

The real costs of to economies

- ➔ Corruption distorts competition and slows economic growth
- ➔ Less incentive to compete on the basis of quality and price

The real costs to companies

- ➔ The costs of the investigation and remediation at Siemens amounted to €2 bn
- ➔ 'If the Euro 420 million would have been invested in R&D COM would still exist.'
- ➔ One in five of over 400,000 employees worldwide was pitched in

Don't forget 'why?'



**The poorest of the poor –
They are the real
victims of corruption**

May 26, 2008. Mothers hold framed photographs of their children that perished in the May 12, 2008 earthquake at the Fuxing Number Two Elementary School, in Wufu town, Mianzhu city, Sichuan province, China.