SIEMENS

CORPORATE CITIZENSHIP REPORT **2000**

Initiatives in the Community

LEARNING AND RESEARCH

TRAINING

ENVIRONMENT

SAFETY AND HEALTH

SPORTS AND LEISURE

PUBLIC WELFARE

ARTS AND CULTURE

DEAR READERS,

This Corporate Citizenship Report, which describes our activities and impact in society, represents a third element in our financial and environmental reporting. In publishing this report, we are underscoring our view that business success and social commitment go hand in hand and – in the age of globalization – are closely intertwined. The report, which is appearing worldwide in German and English, also details all the measures and activities with which we support our employees.

Since its establishment in 1847, Siemens has been interested in and committed to the welfare of its people and of society as a whole. Our company's founder, Werner von Siemens, set up social insurance funds for his workforce, maintained a dialogue with the scientific and scholarly community and played an active role in governmental committees. The social commitment of the company, its employees and the descendants of its founder now rests upon a broad foundation. Our activities are correspondingly extensive and diverse.

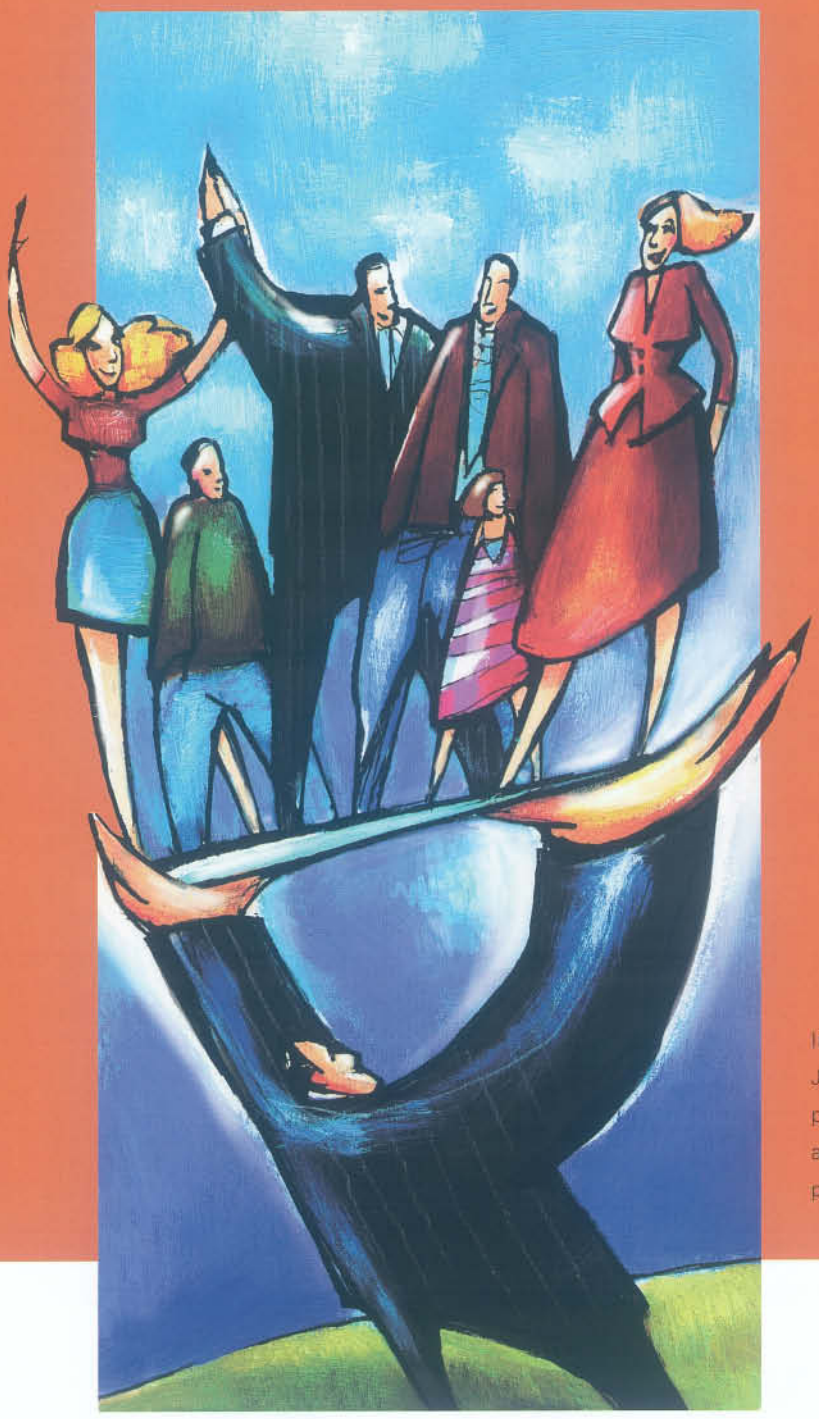
We see ourselves as a corporate citizen, a member of society in all 190 countries where we do business – that is, in practically every part of the world. In the course of our activities, we encounter a great variety of challenges and expectations regarding business, society and the environment. In the United States, for example, the issues and responsibilities are different from those in Germany, in South Africa they are different from those in China, in Russia they are different from those in Brazil, and in Turkey they are different from those in Australia.

Nonetheless, the concrete projects that we implement at the local level are in line with certain general priorities. These include enhancing the knowledge of our employees and support for students at schools and universities. Our educational efforts encompass our extensive *Youth and Knowledge* program in Germany and other European countries, the sponsorship of highly talented students in the U.S. and the endowment of fellowships in many countries around the world. Likewise, promoting the arts and culture and providing rapid, unbureaucratic aid to the victims of natural disasters have always been of special importance to us.

As a special topic, this year's Corporate Citizenship Report also describes our role as a cofounder of the *Remembrance, Responsibility and the Future* initiative, the joint program of German business and the German state to assist former forced laborers. This commitment takes its place alongside the company's other activities since 1945, acknowledging its moral responsibility for its own as well as Germany's history.

As a *global network of innovation*, Siemens is a part of society – as a successful company, as an active and influential voice in environmental matters and as a neighbor in the global community. In the Annual Report, the emphasis is on business success, company strategies, corporate messages and company image. In the Environmental Report, the focus is on environmentally friendly technologies and sustainability. The Corporate Citizenship Report provides details of our social activities and the commitments we are making to a more humane world. All three aspects form the basis of our thoughts and actions. They go together, they are interrelated and they are connected by the technical solutions and the knowledge of our 450,000 employees around the world. This is the basis on which we build when we set out to successfully promote social progress. Our goal is to increase the value of our company in a continuous and sustainable manner. Yet this aim automatically leads to another: We want to help shape social development and assume responsibility in a society whose progress and integrative power bring benefits to all.

Dr. Heinrich v. Pierer
President and Chief Executive Officer



Member of
Dow Jones SustainabilityGroup Index
2000

In September, 2000, Siemens was included in the Dow Jones Sustainability Group Index. This index measures the performance of the best firms in the world, where sustainability, social commitment and economic successes are top priority.

HUMANITARIAN HELP FOR FORMER FORCED

During World War II, Siemens like almost all other German companies employed forced laborers. As one of the founding members of a joint foundation involving both government and industry, we are fully aware of our moral responsibility in this area. Our aim is to provide humanitarian help to all those who were forced to work for Siemens during this period.

As World War II progressed, German industry became increasingly drawn into the wartime economy, with the National Socialist regime ordering companies to step up production. However, military conscription was depleting company workforces, making it more and more difficult for firms to meet this demand. As a result, a state program was set up to supply companies with forced labor.

In the fall of 1944, at the peak of the wartime economy, there were some 7.7 million foreigners employed in forced labor throughout the territory of the Third Reich. This number included civilians as well as prisoners of war and concentration camp inmates. During this period, around 20 percent of Siemens' workforce was made up of forced laborers. They were employed in normal manufacturing operations, and the company paid the legal wage for their work. In many cases, however, this payment was withheld by government authorities and never reached the workers.

In a speech given in October 1997 to mark the 150th anniversary of the establishment of our company, Dr. Hermann Franz, then Chairman of the Supervisory Board, said: "We deeply deplore what was done in the name of the German people." No financial compensation, no matter how large, can ever undo the injustice inflicted upon individuals, the wrongs suffered by the victims. Nevertheless,

Taken around 1942, the photo shows forced laborers from occupied territories in Eastern Europe working at a Siemens plant.

our company's historical involvement in the injustices committed by the National Socialist regime imposes upon us a moral obligation in this area –

LABORERS

above and beyond any legal considerations of the matter.

Siemens fully acknowledges its moral and historical responsibilities. Together with 15 other German companies, we therefore established the foundation *Remembrance, Responsibility and the Future* in February 1999. This initiative has been set up to provide financial assistance to forced laborers and other victims of the Nazi regime. Private industry as a whole is committed to contributing a total of DM5 billion (EUR2.55 billion) to the fund; Siemens has already committed a sum in the triple-digit millions range.

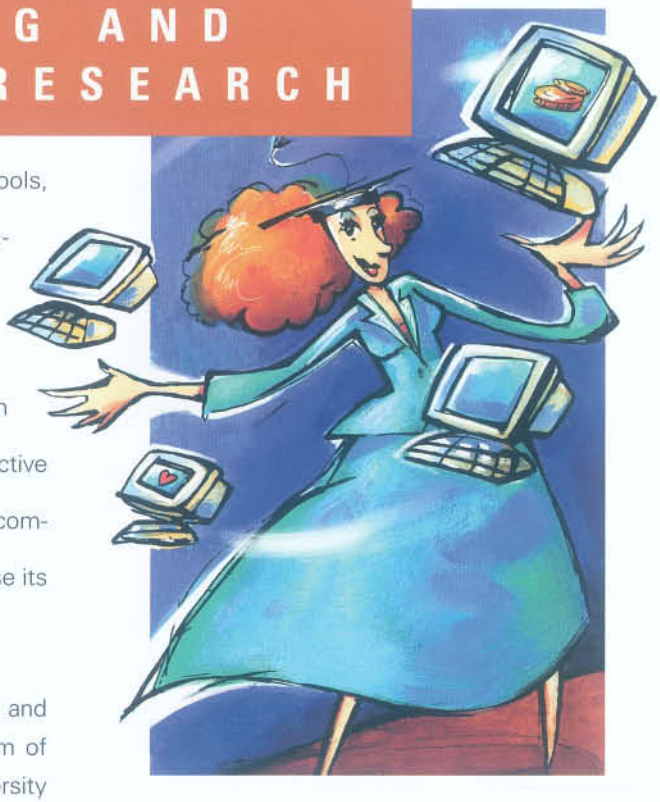
In the summer of 1999, the German government also joined the foundation. Together, government and industry plan to raise a total of DM10 billion (EUR5.11 billion) for the fund.

The foundation intends to use this money first and foremost to help improve the current living conditions of former forced laborers. This includes all surviving victims, regardless of where they now reside. The money at the disposal of the foundation will also be used to offset wrongs committed against property rights. In addition, the foundation has set itself the task of nurturing respect for human rights as well as promoting international understanding and reconciliation. Accordingly, a portion of the fund will be earmarked for projects that promote face-to-face encounters between young people and the victims of National Socialism. Other projects include youth exchange programs as well as international and interdisciplinary programs focused on investigating the causes of violence.

By the early 1960s, Siemens had already made a multi-million payment to the *Jewish Claims Conference*. That was in addition to providing humanitarian assistance on a case-by-case basis. In 1998, the company launched its own humanitarian relief fund with an initial endowment of DM20 million (EUR10.2 million). These funds were made rapidly available to help alleviate the need of those once forced to labor in our plants. In this way, we were able to help more than 2,500 people, many of them from Central and Eastern Europe. An independent commission administered the distribution of the funds. The Commission members are former Polish Foreign Minister and historian, Prof. Dr. Wladyslaw Bartoszewski, former U.S. Secretary of the Treasury and head of the Jewish Museum in Berlin, Prof. Dr. W. Michael Blumenthal, and President of the German Red Cross and professor for international law at the Ruhr University in Bochum, Prof. Dr. Knut Ipsen. Following the establishment of the foundation *Remembrance, Responsibility and the Future*, we closed our own fund and transferred its activities over to the new foundation.

Siemens will always remain aware of its involvement in the inhuman labor practices of the Nazi regime. It is our lasting obligation to keep alive the memory of all those who suffered as forced laborers during World War II. This remembrance is intended to help ensure that such tragedies will never again occur anywhere in the world.

LEARNING AND RESEARCH



Supporting science and teaching as well as collaborating with schools, universities and research establishments is a long-standing and continuing tradition at Siemens. As one of the world's leading electronics and electrical engineering companies, it is our aim to build a bridge between theory and practice, and to foster an exchange of ideas. In doing so, we are helping teachers, students and researchers play an active role in shaping the future. At the same time, such activities enable our company to establish contacts with possible future employees and increase its potential for innovation.

A laser show, a jazz band, coveted awards and the honor of being on stage in the auditorium of Moscow's Friendship Among Nations University during the award ceremony – the 50 Russian students had every reason to be thrilled. On January 20, 2000, they traveled to Moscow from all over Russia to be honored as the six best teams in the multimedia creativity contest.

They were invited to the event by Siemens and the Goethe Institute in Moscow. The creativity contest, held for the first time in Russia, was the first stage of the multimedia computer competition. It called for humorous or thought-provoking entries in the form of essays, poems, images, objects, photo essays or amateur videos – all related to the question "What is multimedia?" The result at the award ceremony was a great surprise: a team from the boarding school for blind and visually impaired children in Moscow received the Grand Prize – two completely equipped Scenic PC systems – for their rotatable polygon with twelve surfaces. This entitles them to participate in the upcoming multimedia computer competition.

What's just getting started in Russia has been happening in Germany for four years now. In 1999 alone, 24,000 students participated in this competition with exciting multimedia presentations. Their achievements were rewarded with computer systems and multimedia project days for themselves and their schools.

PROJECTS FOR STUDENTS AND TEACHERS

The multimedia computer competition is just one part of Siemens' *Youth and Knowledge* program. Endowed with over EUR 25 million in 1997 on the occasion of the company's 150th anniversary, this program is intended to promote the training and continuing education of students. With *Youth and Knowledge*, which is to initially run for five years, we want to show young people that the technological and social changes wrought by the Information Age provide an opportunity to actively shape one's own future. The main goal of the numerous projects is to impart core skills relating to new media and business knowledge, social competence and global thinking.

The multimedia world is the focus of numerous school projects. In addition to the computer competition, Siemens is organizing an interactive traveling exhibition to present possible uses of new media in schools, on the job and for recreational purposes. Europe and the New Media is the focus of the European Internet competition *Europe @t School*. In this competition, teams consisting of students from three different countries work to create an Internet site on a European theme. In 1999, the first year of the program, 319 student teams from 25 countries participated.

We are also conducting projects in real-world settings designed to awaken students' understanding of economic processes and how they relate to social developments. Working with our 130 partner schools in Germany – some of which are named after Siemens – we provide students with insight into the working world through plant tours, on-the-job interviews, discussions, presentations and project days. At the Eurostudents Management Cup, high-school students from all European Union countries and one Eastern European country are invited to participate in a business planning game. The subject is the establishment and management of a virtual company.

We also share our multimedia expertise and business knowledge with teachers. In 1998 and

LEARNING SOCIAL SKILLS

Siemens is a principal sponsor of the project *K.I.D.S. – Creativity in Schools*, which was developed in Berlin in 1990 and is now also operating in eight schools in Munich with a high proportion of foreign students. *K.I.D.S.* is designed to help adolescents become more self-confident and reduce their aggression, also with the idea of facilitating the integration of foreign members in the student body and promoting better mutual understanding. At these schools, professional artists run courses promoting creativity, team spirit and an interest in other cultures. These include courses in dancing, drumming, theater, cooking, painting, making movies and much more.

In *STEP 21*, a community project organized by Siemens, Bertelsmann and DaimlerChrysler, the focus is on tolerance, social responsibility and standing up for one's convictions. This initiative has the goal of motivating adolescents to talk about how to get along with others (see page 26).

Like most young people, Russian students are enthusiastic computer fans and are already preparing eagerly for the next multimedia computer contest.

Sponsoring students around the world is an important concern of ours. This includes international student exchanges.

1999, more than 4,400 teachers took the opportunity to learn making the most of multimedia systems in the classroom. In 2000, we began conducting seminars on business subjects.

YOUTH AND KNOWLEDGE IN THE UNIVERSITY

University-level projects are also an important part of the *Youth and Knowledge* sponsorship program. Our goal is to develop contacts with promising talent all around the world and to foster cross-border and interdisciplinary cooperation. We support international student exchanges and help engineering students finance a semester abroad. Activities include an internship with Siemens in the country in question. This type of exchange currently takes place between Germany and Singapore, Thailand, Vietnam and China. Outstanding students in Eastern Europe and Asia can participate in our regional sponsorship programs in their own countries.

Outstanding students who have earned a Bachelor's degree are eligible for *Youth and Knowledge* scholarships, enabling them to earn an internationally recognized Master's degree at a German university. Siemens awards a total of 20 scholarships annually for this purpose. Building on this commitment, in 1999 we developed two projects to help nurture a new generation of engineers in collaboration with the German Academic Exchange Service (DAAD). Through this program, each year about 40 graduate students from Asia and Central and Eastern Europe are invited to Germany for four years to study for their Master's degree.

GIRLS ONLY

Freeclimbing, gliding, building a Walkman amplifier and creating a Web page are not the kind of things you'd normally expect girls to be doing in their free time. But the event conducted in July, 2000 by Siemens in Erlangen, Germany, was very special in this respect. For five days, 20 girls aged 15 to 18 had the opportunity to do things that are normally considered to be activities for boys. They were enabled to develop confidence in their own abilities, acquire the courage to take risks, develop team spirit, and put their technical skills to the test – all fundamental requirements for a successful career. Siemens is involved in this project in order to give young women hands-on experience in technology and interest them in scientific and technical training and studies.

NETWORKING KNOWLEDGE

Siemens is currently furthering the concept of a worldwide knowledge network among universities through a pilot project conducted with the Technical University of Berlin. The project is designed to enable students from all disciplines to acquire additional qualifications, in particular through project work after their preliminary degree. The next step will be the development of a cooperative network called the *Knowledge Interchange Network*, which will strengthen strategic alliances with universities around the world. The network consists of regional Centers for Knowledge Interchange (CKI) established at various universities. At these centers, students, professors and Siemens employees work together on innovative projects. This gives students the opportunity to improve their skills, provides the universities with additional financing and also enables Siemens to make contact with potential future employees.

The *Werner von Siemens Excellence Award* honors outstanding academic achievement. These prizes are awarded annually to graduating students who submitted the best Master's theses or doctoral dissertations or who created concrete projects that are both highly innovative and viable. This *Excellence Award*, whose winners receive EUR 500, has already been presented to more than 1,000 students, mainly in Asia and Eastern Europe. The award was bestowed in Germany for the first time in 2000.

NURTURING TOMORROW'S HIGH-POTENTIAL PROFESSIONALS

As a global enterprise, Siemens regards the quality of educational systems as extremely important, since the qualifications of our employees are crucial to the success of our company. We therefore endeavor to advise high-level elected and appointed government bodies as well as schools and universities on issues concerning the content and quality of education. We also share our experience when new courses of study are being developed.

In our international and long-term *Siemens Student Program*, we sponsor particularly outstanding students in electrical engineering, computer science, the natural sciences and the economic sciences. About 600 students from over 20 countries participate, including the students from the *Youth and Knowledge* program. They attend symposia and seminars focusing on cross-disciplinary knowledge, such as social competence. We also conduct intercultural seminars for participants from other countries during their stay in Germany. In addition, about 150 students from the *Siemens Student Program* work as Siemens interns or work students within or outside of Germany each year as a means of gaining practical experience. We provide financial support for the purchase of textbooks and reference materials.

Altogether, we support 3,000 to 4,000 interns annually from universities and other academic institutions, and almost 17,000 work students. The *Ernst von Siemens Scholarship* was endowed for the support of highly qualified young scientists. This is a stipend for the doctoral studies of applicants who are making an important contribution in a technical area or the natural sciences. It is awarded for a period of two years. To date, 95 scientists have so far been sponsored in this manner. The international *Werner von Siemens Scholarship* serves to promote and attract highly qualified, internationally oriented junior management staff. It is awarded to particularly gifted students to help them continue their studies in another country. Since its creation, this scholarship has been awarded to 30 potential managers.

AROUND THE WORLD

++ **India**, Siemens gives 50 computers to five universities + **Indonesia** Siemens supplies PCs to an institute that trains underprivileged members of society in computer skills + **Denmark**, Siemens employees work as teachers + **Germany**, Siemens helps start a management-oriented advanced business course in Munich + **Lithuania**, Siemens awards scholarships to students at the TU Kaunas + **Greece**, outstanding school students are given scholarships to study at schools in Germany +

WORLDWIDE ACTIVITIES

Nearly 270,000 employees work for Siemens outside of Germany. High school and university education systems in other countries are therefore also very important to us, and most of our Regional Companies thus sponsor schools, universities and students through scholarships, research contracts, financial and material donations, awards and much more.

Siemens Hungary, for instance, supports the Budapest University of Technology and Economics, with the aim of raising engineering educational standards. Outstanding achievements by students and professors are honored with a Siemens award, scholarships and offers of student internships in Germany.

The annual Siemens award is the company's most important sponsorship activity in Poland. Three categories of prizes are awarded to Polish scientists involved in research subjects of relevance to Siemens: the science prize, the research prize and the sponsorship prize. Similar schemes for promoting scientific achievements are planned for the Czech Republic and Turkey.

A further example is South Africa: Siemens supports the universities of Cape Town, Western Cape, Stellenbosch, Witwatersrand and the Technikon SA, which focus on telecommunications technology research. Scholarships are awarded annually to outstanding engineering students.

INVESTMENTS IN RESEARCH

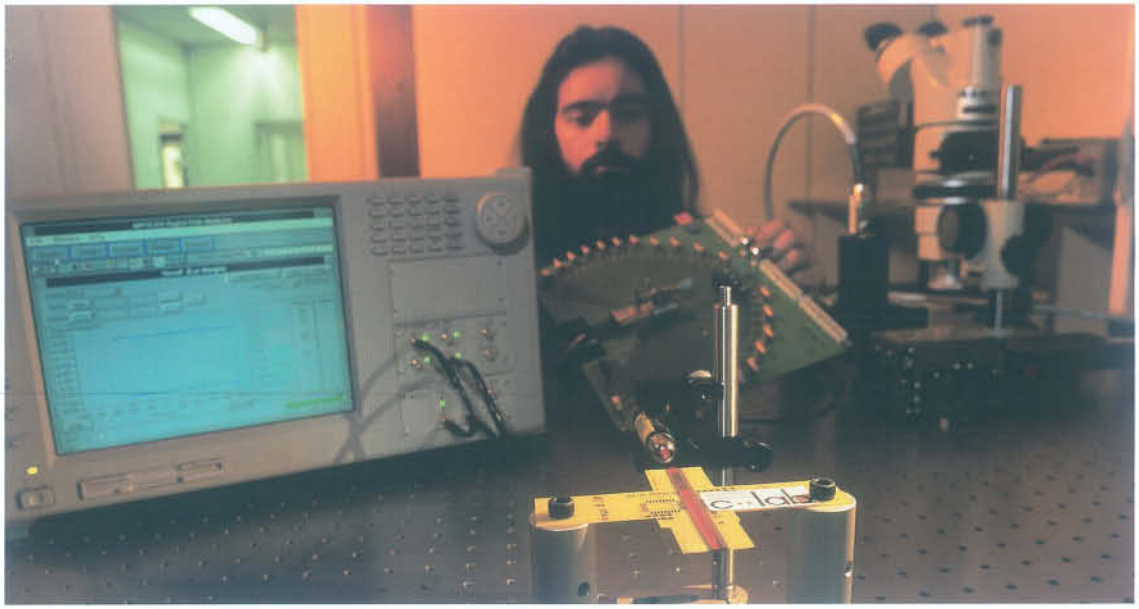
In fiscal 2000, Siemens invested around EUR5 billion in research and development. This investment creates jobs, strengthens business locations and thus benefits the respective economies.

COMMITTED TO THE BEST AND THE BRIGHTEST

Rewarding outstanding high-school students and their teachers, and providing an incentive for high schools to invest in advanced placement courses are the main goals of the Siemens Foundation, a EUR1 million-a-year program that ranks among the largest and most accredited programs of its kind in the United States. Every year, the Foundation sponsors the Siemens Westinghouse Science & Technology Competition.

"Every year between 600 and 800 science, mathematics and technology projects are submitted to us" says the Foundation's chairman, Albert Hoser. The participants can be individual students or teams from high schools across the U.S. The Foundation's board makes an initial selection and divides the 300 chosen participants among six leading academic institutions throughout the country, which host the regional competitions. This is to enable students from all over the U.S. to compete.

Becoming a finalist is a major achievement. Entries are meticulously examined and students and teams are invited to defend their work before groups of six to eight top professors. The winners in each region receive a prize of around EUR24,000. From this group, the national winner is finally selected and receives an additional EUR118,000. All of the publicity resulting from the competition creates a significant incentive for high schools to support their own advanced placement programs. (For information on the Siemens Foundation in the Internet, see http://www.siemens-foundation.org).



Siemens is working closely with universities in about 1,000 cooperative research partnerships. One such project, the *C-Lab* with the University of Paderborn, Germany, involves the development of electrical optic printed circuit boards.

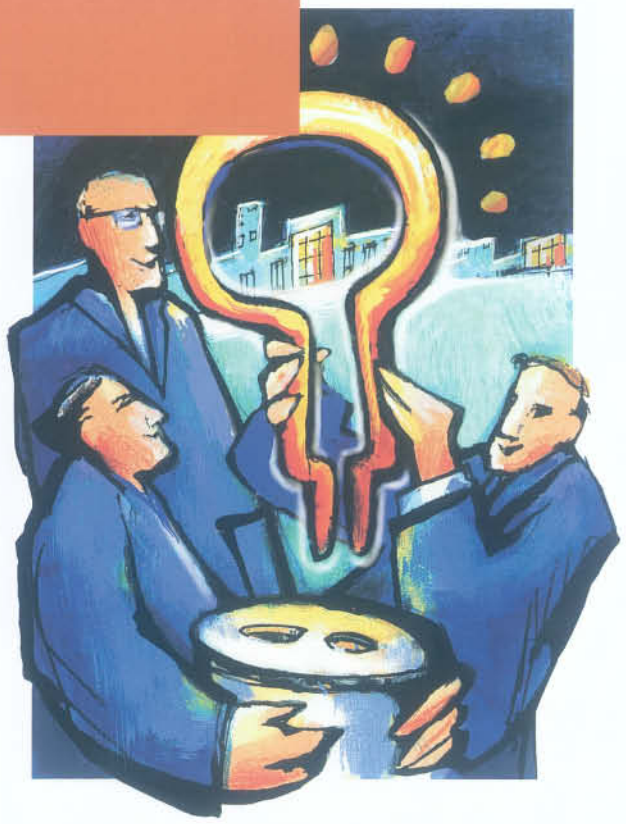
Siemens conducts research at its own locations in 30 countries and is also involved in research in conjunction with universities, with which it has around 1,000 cooperative agreements. These are usually win-win agreements that benefit both the universities through the influx of funds and Siemens through the ensuing know-how transfer and research partnerships. The cooperative forums that have been introduced for the purpose of discussing and agreeing on joint projects in research, development and education have proved very successful.

A closer liaison between universities and business is also fostered by the 350 Siemens employees who share their practical experience with students as part-time instructors at universities around the world. In addition, Siemens managers run interdisciplinary, practice-oriented seminars to instruct students in management techniques, teamwork and cross-functional thinking. These additional qualifications are becoming increasingly important, especially for engineers in today's global companies who operate as the interfaces between technology and business, product development, marketing and management. To train students in this function in particular, Siemens has developed a learning program entitled *The Engineer as Manager*, which is available on two CD-ROMs in German, English and Chinese. It enables students to learn what they need to know about subjects such as organizational behavior, marketing, strategic planning and competitive strategies.

Every year, the Carl Friedrich von Siemens Foundation, Munich, contributes to the dialogue between science and society at the annual *Nymphenburg Talks*. At these symposia, experts discuss the opportunities, consequences and risks of technological progress with public figures from business, science and politics (see page 21).

TRAINING

Siemens spends about EUR350 million per year on training and continuing education in Germany alone – the figure worldwide is approximately EUR500 million. This is about as much as the annual budget of a large German university. Nearly half of this sum goes to vocational training for young people; the other half goes to additional employee training. Here, innovative learning methods such as telelearning and collaboration in virtual teams are playing an increasingly important role. Our goal is to prepare people for their continuing professional careers. In pursuing such a goal, we are investing in the future of our company and its employees. Other companies are also increasingly taking advantage of our expertise in vocational training and our programs for continuing education.



Monday morning in Berlin – the bass speakers are throbbing loudly to a techno rhythm, a light source is flickering in bright colors and the room is slowly filling with fog. In the corner, three young people are sitting at a huge mixing desk. They are smiling contentedly – probably because the sound system they have installed is working perfectly. Sabine, Tobias and Frank are apprentices participating in Siemens' Berlin Vocational Training Program – a training program that will help them become event electronics engineers. Later, they will routinely deal with the technical equipment used for large-scale events. As event electronics engineers, and thus the proud possessors of skills in great demand, they can look forward to a bright professional future.

Siemens has about 9,000 apprentices, making it one of the largest training organizations in Germany. It currently offers training at over 50 locations in some 35 professional fields. However, Siemens itself is not the only beneficiary of its training activities. We also train about 2,600 young people for other companies, primarily in the field of information technology. Here, in addition to providing training in individual subjects, we offer complete programs of vocational study.

INTERNATIONAL PRESENCE

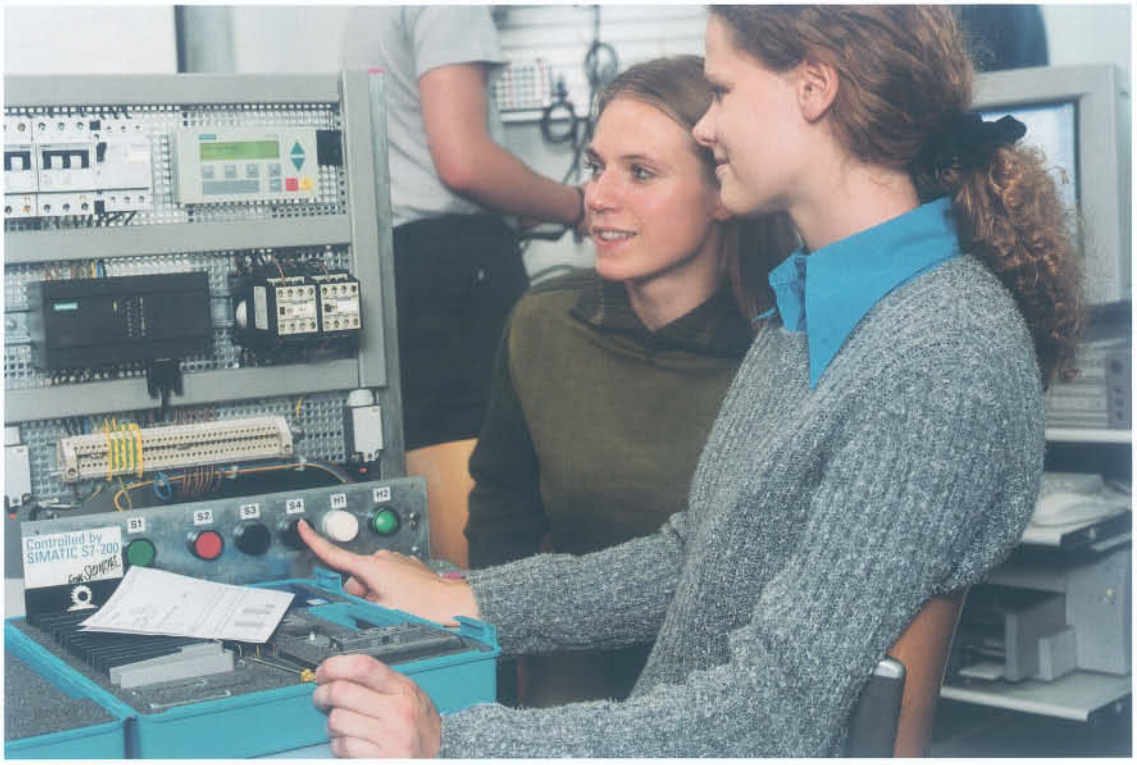
Siemens offers an additional 3,100 young people apprenticeships in more than 20 countries around the world, including Austria and Switzerland. For decades, it has been providing youngsters with first-class training in India, Indonesia, South Africa, Brazil, Argentina and Mexico. In recent years, we have also expanded our activities in China, where some 170 apprenticeships have been set up in Beijing and Shanghai.

Government authorities and external customers also profit from the expertise provided by Siemens' training courses. They often arrange for entire training centers to be planned and equipped. In many countries, the German training system has been used as a model and adapted to the particular situation in the country.

One example of this is a model Siemens project for training skilled workers in the U.S., which has received a great deal of attention from U.S. companies and politicians. In the early 1990s, we decided to set up systematic vocational training programs – comparable to those in Germany – in U.S. companies. As a result, we now train communications electronics engineers in Lake Mary, Florida. Excellent cooperation with high schools and colleges has enabled us to rapidly expand the number of apprenticeships. To attract the interest of other companies in skilled worker training, a large training center began operation in Lake Mary in 1997. The center was built with Siemens' support and public funds. Because the Siemens vocational training initiative was so well received in the U.S. right from the start, the new center in Lake Mary was given the name Werner von Siemens Technology Training Center.

FIT FOR THE WORKING WORLD OF TOMORROW

"When it comes to proper training, it's particularly important to stay in close contact with the realities of the business world," says Günther Hohlweg, head of Siemens Vocational Training. For this reason, the *Future through Training* project put Siemens' entire training system under a microscope three years ago. One of the results was the introduction of a series of new career outlines, such as mechatronics engineer or microtechnology specialist. "We pay close attention to technological trends, the areas in which new business can be expected to flourish, and the corresponding professional qualifications young people need," says Hohlweg. Today's apprentices are integrated into real-work processes; they work in teams and take on responsibility from the very beginning. In this manner they gain important experience that will help them

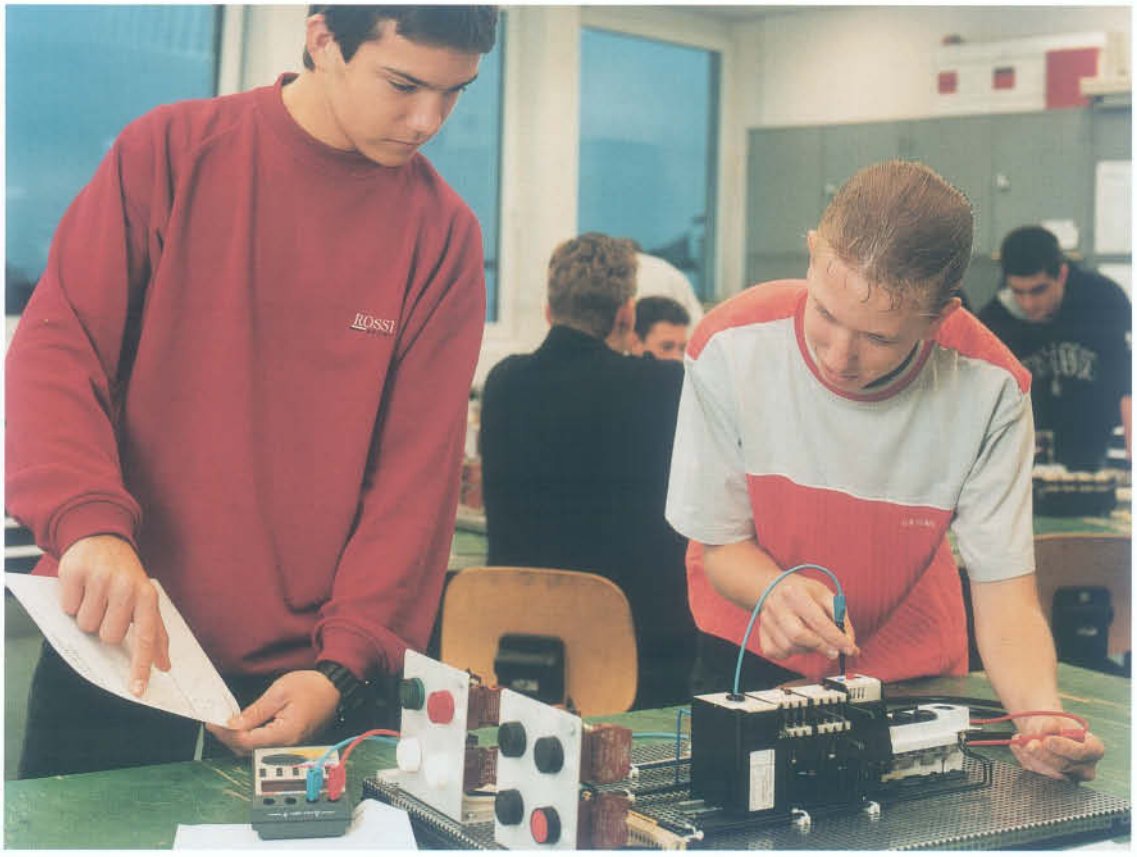


New jobs in areas like mechatronics are proving very popular – not least among young women.

later in their jobs. English courses and courses aimed at preparing students for international responsibilities form part of the curriculum. Internships abroad that last several weeks are also becoming increasingly popular.

Industry is in fact already suffering from a lack of young, qualified engineers. At present, a total of 75,000 positions in the IT sector are unfilled in Germany. The Technology Academies established by Siemens in Berlin, Düsseldorf, Erlangen and Munich are a response to this dilemma. Here, young people who have a high-school diploma or are otherwise qualified for admission to technical college receive training as industrial technology engineers over a period of two years. In 2001, we will be offering 550 students training and study courses. Some of these students and trainees will come from outside the company. Here, the curricular material is continuously adapted to reflect the latest technological developments. "Each year, 25 percent of the training material is new," says Dr. Elmar Ziegler, head of the Siemens Technology Academy in Munich. "Many of our instructors are experts from the Siemens Groups. That way we guarantee that our courses have a practical focus." Through a supplementary course of study arranged in cooperation with selected technical colleges, the industrial technology engineers can extend their training to the Bachelor degree level. Dual courses of study work in a similar manner. The special thing about these is the close connection between academic and practical training. Theory is taught at the universities and colleges and students learn about the practical world at Siemens. There are dual courses of study in such areas as business IT or electrical engineering. At present, 750 young people are enrolled in such courses in Germany.

Craftsmanship and technical knowledge are important, but so too is the ability to work in a team.



In Fiscal 2000, some 170,000 participants in the company's training seminars came from Siemens alone. In addition, about 30,000 employees were trained in their own departments within the context of the work process itself. The central partner for continuing education and training is SQT (Siemens Qualification and Training). "We focus on the business competence of employees and managers," says Peter K. Fischer, head of SQT. "Our program therefore extends from strategy development, processes and quality to management, behavior and intercultural understanding." Expertise is also increasingly being acquired directly in the workplace. Electronic learning or "e-learning" plays an increasingly important role here. At Siemens there are more than 1,200 pieces of educational software for self-directed learning with computers and via the Internet.

NEW EDUCATIONAL METHODS

One example of the new way to impart knowledge is the Siemens Corporate Finance department's Financial Excellence Program, which began last year. With the help of computer-supported, multimedia business simulations, employees not only receive instruction in business management and current financial issues, but also learn about the interrelationships between processes. The simulations can be installed on computers via CD ROMs, so that the participants themselves can determine the pace at which they learn. More than 8,000 employees have been trained in this way to date. In terms of the extent and complexity of these business simulations, Siemens is among the pioneers in Europe. In these simulations, the employee is expected to accomplish a specific task in a realistic work environment. If a task cannot be completed straight away, the employee is presented with a variety of methods for acquiring new knowledge. For example, one essential aid in the simulations is a virtual online tutor that can assist in the completion of the tasks by making suggestions.

FUTURE WITHOUT BORDERS

Two years ago in the Middle East, Siemens launched an unusual cooperative project in Israel. The move was designed to solve an unusual problem. While some 3,000 unemployed engineers were seeking work in the Palestinian Authority, Israeli companies were desperately looking for engineers only a few dozen miles away. "This crazy situation cried out for some form of cooperation," recalls Eran Ben-Tal, head of what was then Siemens Data Communication Ltd. (SDC), a research and development center for modern data networks in Karmiel near Haifa. SDC found a partner in the Palestinian company Hi-Tek Engineering Ltd. The two companies combined and established a joint venture, Siemens Information and Communication Technologies Ltd. The mission of the new company, which has its headquarters in Ramallah, was to develop technologies for efficient data exchange. The Palestinian engineers received their practical training at SDC, where they were integrated into actual projects, before eventually returning to Ramallah. Fifteen engineers received additional training in this way, and the success is already visible: the Palestinians have developed their first product for optical networks. That such a revolutionary form of cooperation wouldn't be easy was clear to all those involved. "But we engineers speak the same language and have the same goal," says Tareq Maayah, head of operations in Ramallah. "Cooperation holds the key to peace; projects like ours are helping show the way forward."

The rapid change of markets, technologies and customer requirements places high demands on an employee's ability and willingness to learn, particularly if he or she happens to be a manager. The structure and content of management training at Siemens were therefore also adapted to conform to changing needs. The company created five new Management Learning Programs in which 1,500 managers around the world participate every year. "Employees work on business projects of their own choosing in virtual teams that might extend beyond national borders," explains Udo Dierk, who is responsible for management learning. "They and their colleagues link up to form an international network that helps them with their work." The results of the projects are also documented on the intranet. This gradually gives rise to a body of knowledge that can be used throughout Siemens – knowledge sharing – and ultimately forms the basis upon which the company can learn. In the past two years, more than 500 executives have received further training at our newest Management Institute, which is located in Beijing.

ARTS AND CULTURE

Every innovative company benefits from a dialogue with its sociocultural environment. This is the best way it can obtain ideas, which it can in turn implement to the benefit of society through its technical solutions and user-friendly designs. In the over 150 years it has been in existence, Siemens has always considered itself a part of society and culture. As a result, our work in the area of arts and culture is intended to benefit society and culture by supporting museums and artists through private foundations, by organizing exhibitions, activities and discussions in the SiemensForums, as well as by supporting contemporary art and the development of new art forms as part of the Siemens Arts and Culture Program.

Two elderly people – a man and a woman – naked. They stand facing one another, their stomachs touching, gently holding hands and smiling happily. They evidently feel good. This image, captured in a photograph by Andres Serrano, both welcomes and disturbs the people who come to see the exhibition *Late Life Freedom – Tales of Aging*. And that is precisely what it is intended to do. The exhibition, which was developed by the Siemens Arts and Culture Program, attempts to portray the quality of life of the elderly and draw attention to this segment of society. The exhibition also illustrates how modern technology, means of communication and medicine enable the elderly to substantially enhance their quality of life, to become the "young old" or the "new generation."

The exhibition, which was held in the Historisches Museum (Historical Museum) in Bielefeld, Germany, the Schweizerisches Landesmuseum (Swiss State Museum) in Zurich, Switzerland, and the SiemensForum in Munich, Germany, is only one example of the activities organized by the Siemens Arts and Culture Program. With this sponsorship program for art projects, founded in 1987, Siemens expanded its commitment to culture. The Arts and Culture Program concentrates primarily on joint projects for supporting and developing contemporary art forms and promoting them within the company.

The Arts and Culture Program develops artistic concepts in cooperation with a wide variety of institutions in four areas: visual arts, performing arts, music and contemporary and cultural history. From the perspective of arts and culture, it examines developments in society in need of public attention where culture, science and the economy conflict. The program is internationally oriented and covers

AROUND THE WORLD

++ **Australia**, together with leading universities, Siemens initiates a Fine Arts Scholarship Program + **Turkey**, Siemens establishes a competition for art students + **Italy**, Siemens supports Assisi's reconstruction + **South Africa**, Siemens sponsors 50 musicians from Soweto, as well as the Youth Orchestra and Youth Theater in Johannesburg + **Poland**, Siemens opens a gallery to promote young painters and sculptors + **Ireland**, Siemens sponsors a major classical music festival + **Hungary**, Siemens sponsors exhibitions of contemporary photographers and establishes a Siemens award for photography +

a wide range of topics: the exhibition *Peking Shanghai Shenzen – Cities of the 21st Century* focuses on cities in modern China; *Mechanic – Historical Fun-Fair Organs, New Compositions* connects traditional instruments with modern music; the trilogy exhibition *Mother, Child, Father* explores the way family roles are seen in contemporary art and science; a new interpretation of modern dance is presented at the international dance festival *Physical Visitations – Intimacy and Exhibition in Dance,* and the opera *The Missing Link* experiments with new forms of communication. In all its activities, the Arts and Culture Program attempts to involve Siemens employees and link art with the working world.

The Siemens Arts and Culture Program also supports avant-garde trends in the area of dance.

A FORUM FOR DIALOGUE

As early as 1916, on the occasion of Werner von Siemens' 100th birthday, a collection of historical machines and instruments was opened at Siemens' administrative headquarters in Berlin. Today, there are SiemensForums in Munich, Berlin and Erlangen, Germany; Vienna, Klagenfurt and Linz, Austria;

The permanent exhibition of the SiemensForum in Munich also features innovative medical treatment methods.

Milan, Italy; and Zurich, Switzerland. Some of them are still works in progress. The Forums also continue to break new ground in terms of subject matter. While the main emphasis was originally on Siemens' technical innovations, the exhibitions and activities of the Munich SiemensForum, for example, now focus on current and future-oriented topics in the areas of technology, the economy and society. Special exhibitions on current topics are held several times a year and have included *Mobility – Society On The Move, Doctor's Little Helpers: From Fetish to High-Tech Medicine*, and *Computer Miracles – From Adam Riese to Bits and Bytes*. Special lecture series and podium discussions expand on the subject matter of the exhibitions. There are also lectures, talks and symposiums on important sociopolitical topics given by representatives from business, science, culture, the media, politics and society.

THE SIEMENS FOUNDATIONS

The long history of cultural activities at Siemens includes the tradition of patronage, which takes the form of foundations. The foundations initiated by members of the Siemens family, sometimes assisted and supported by Siemens, reflect the many different social commitments of the company's founder, Werner von Siemens, and his descendants. Siemens is committed to continuing this legacy.

In 1849, only two years after the company was founded, Werner von Siemens helped set up a health insurance system for machine constructors. Over the years, the Siemens family greatly expanded its social commitment, and moved beyond this to sponsor the arts, culture, science and research. The most important patron to head the company was Ernst von Siemens (1903 – 1990), a grandson of the company's founder. He was interested in the arts, especially music, the theater and the creative arts. He wanted to give his contemporaries and their successors access not only to knowledge and education, but also to the fine arts, and established three foundations.

The painting *Wasserpark im Herbst* (Water Park in Autumn) by Paul Klee, purchased with the assistance of the Ernst von Siemens Art Fund, will now be added to the Weimar Art Collections.

The Carl Friedrich von Siemens Foundation, Munich, Germany, was established by Ernst von Siemens in 1958 and is named after his father. It is dedicated to the promotion of the sciences and focuses on events and lectures to foster the exchange of ideas between scientists, universities and scientific institutions. Between 8,000 and 9,000 people attend the nearly 100 events a year at

the Foundation's center in the Nymphenburg district of Munich. Since 1993, the Foundation has also endowed the *Carl Friedrich von Siemens Fellowships*. These endowments enable scientists to be excused from their academic duties and pursue their research undisturbed for a period of up to twelve months in Munich. The Foundation has also endowed a chair for Electromagnetic Compatibility at the Technical University of Dresden, Germany.

Established in 1972, the private Ernst von Siemens Music Foundation in Zug, Switzerland, is one of the most respected international institutions in the world of music. It is dedicated to the promotion of music (especially contemporary music) as well as musical education and research. Every year, the Foundation awards one of the most highly endowed prizes for outstanding musical accomplishment – the *Ernst von Siemens Music Prize*, which alternates between composers, performers and musicologists. The first prizewinner was Benjamin Britten in 1974. He was followed by, among others, Herbert von Karajan, Yehudi Menuhin and Pierre Boulez. The winner in 2000 was Mauricio Kagel. In addition, the Foundation arranges concert series and awards grants to institutions, ensembles and young artists. In 2000, awards and grants from the Foundation totaled EUR640,000.

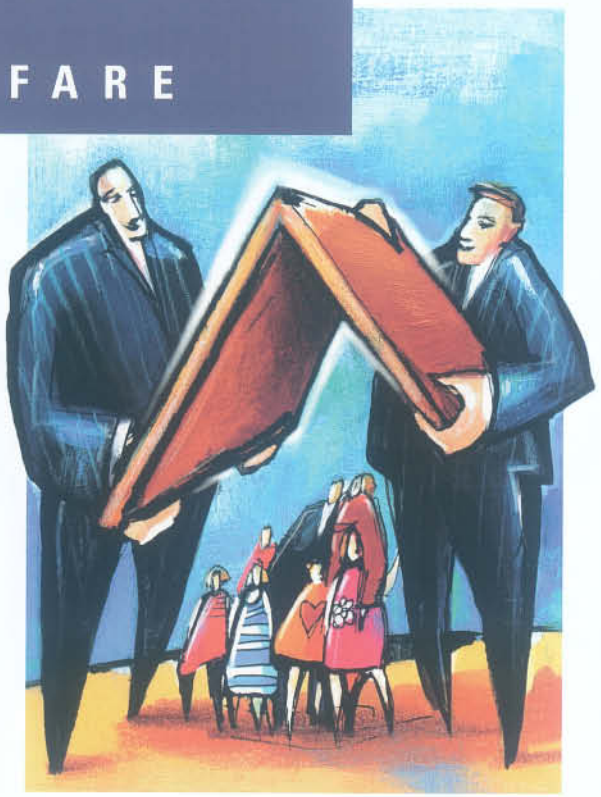
On the occasion of his 80th birthday in 1983, Ernst von Siemens and Siemens established the Ernst von Siemens Art Foundation, Munich, also known as the Ernst von Siemens Art Fund. This foundation provides funding and loans to support public exhibitions and assist with the acquisition of significant works of art for art collections. The Ernst von Siemens Art Fund is supported by Siemens. In 2000, the Foundation provided funds for, among other things, the acquisition of the oil painting *Wasserpark im Herbst* (Water Park in Autumn) by Paul Klee for the Art Collections of Weimar (the purchase is not yet completed), and of *Mohrenkopf* (Head of a Moor) by the goldsmith Christoph Jamnitzer (1615) for the Bavarian National Museum in Munich.

In 2000, the *Ernst von Siemens Music Prize* went to the German-Argentinian composer Mauricio Kagel.

These foundations owe their existence primarily to the commitment of the Siemens family. The Werner von Siemens Ring Foundation – initiated by 44 public figures from the natural sciences, technology, industry and administrative authorities – has a very different background. This Foundation was established in 1916 to honor Werner von Siemens on the occasion of his 100th birthday. Its purpose is to promote the natural sciences and technology. *The Werner von Siemens Ring* ranks as the highest German award for individuals whose achievements have furthered the technical sciences, or scientists whose research has opened up new areas of technology. Among the recipients of this award are Carl von Linde (1916), Oskar von Miller (1927), Konrad Zuse (1964) and Wernher von Braun (1975). In 1999, Professor Dr. Dieter Oesterhelt of the Max-Planck Institute of Biochemistry in Planegg near Munich was awarded the *Werner von Siemens Ring* for his fundamental work on bacterial photosynthesis.

PUBLIC WELFARE

Whether it involves assistance to children and young people, neighborhood social welfare or support for community facilities and public foundations, Siemens takes its social responsibility very seriously and donates resources for charitable causes around the world. The money is deliberately invested in those projects intended to help people help themselves. And when natural disasters such as floods and earthquakes occur, we also help victims quickly and unbureaucratically.



Carefully, very carefully, an aid worker crawls into the remains of a building. His fellow workers anxiously wait outside. Will he succeed in reaching the faint voice that called for help hours ago from this pile of rubble?

The earthquake that shook the Turkish city of Izmit and neighboring areas on August 17, 1999, took the lives of an estimated 20,000 people. Hundreds of thousands were left homeless. No one will soon forget the television pictures of destroyed homes, the desperate search for survivors, and the people in tears, lamenting the loss of their loved ones.

Such scenes caused great shock and sorrow worldwide. Among the many organizations that reacted spontaneously were numerous companies. Siemens, for example, helped with donations of money and materials worth approximately EUR 1 million. Only hours after the earthquake, employees at the Siemens regional subsidiary sent buses to the disaster area from Istanbul with food, drinking water, medicine, blood donations and clothing. Every day, around 40 Siemens employees were in the area helping to rescue people who had been buried under the rubble, distribute supplies and interpret for foreign-aid workers.

Using 50 emergency tents, Siemens specialists built an encampment for 300 people with sanitation facilities, lighting equipment and an emergency power-generating unit that ran on diesel fuel. This was supplemented with washing areas, a drinking water system, a playground, a large canteen in two prefabricated houses that had also been set up, and telephone booths that could be used free of charge. Two days later, additional aid from Siemens arrived: four mobile X-ray machines, two ultrasound systems, a patient-monitoring unit and an X-ray area. Our experts installed the equipment as quickly as possible and instructed the medical personnel in its use.

Later, the area became the site of the College of Health Services and the Technical College for Medical Services of Sakarya University. The new complex, including all of its medical apparatus,

computer systems and communications equipment, is a gift of the Siemens regional subsidiary in Turkey and is intended as long-term aid for the area. Nurses and medical assistants have been receiving their training there since October, 2000.

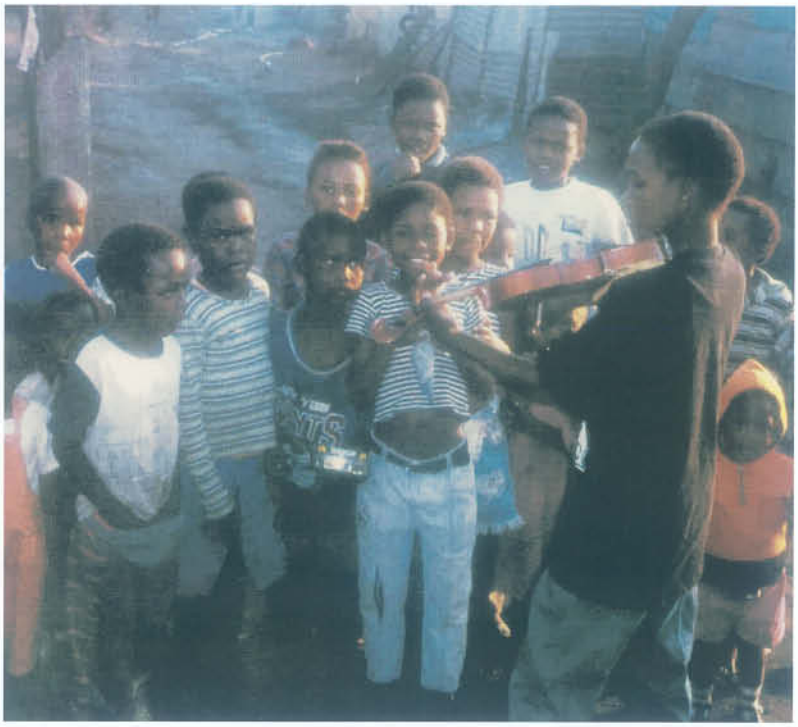
Regrettably, such disasters cannot be predicted regardless of how far technology has advanced. Moreover, as a serious earthquake in Athens showed only a few days later, they are no less isolated occurrences than forest fires or flooding disasters. An example of the latter was the flooding of the Yangtze River in the summer of 1998, which turned out to be the worst flood in China in the last 50 years. It not only destroyed houses and vital farmland, but also threatened the lives of millions of people in the region.

Here, too, it was a matter of course for Siemens to provide help immediately. We collected approximately EUR500,000 in a short time. "The money came from our Chinese employees, Siemens headquarters, the Siemens Groups and our joint ventures," explains Ernst Behrens, head of Siemens' Chinese subsidiary. These funds made it possible to ease the most severe suffering and purchase such things as food, tents and medicine. Medical equipment damaged by water was repaired just as quickly so that at least a certain standard of care could be maintained in the disaster area.

HELPING CHILDREN

But assistance of this kind is only one aspect of Siemens' social activities. The welfare of children and teenagers is a very special concern of ours.

Many people lost everything as a result of the earthquake that shook the area around the Turkish city of Izmit in 1999. Many of the victims, like the family on the left, were able to find temporary refuge in a specially erected encampment.



Siemens promotes the cultural development of socially disadvantaged children. In the photograph, a young musician from the *Buskaid Soweto String Project* (South Africa) entertains a group of friends.

Projects for neglected and disabled children in South Africa, for example, are evidence of this. We donate baby food and clothing to orphanages (Mother Teresa Home, Princess Alice Adoption Home) and give toys and equipment to a home for the blind. Other examples are the financing and installation of a telecommunications system for the Red Cross Children's Hospital and the support given to a private home for street children in Brixton (an area of Johannesburg) in the form of school equipment, household items and money for its renovation.

In addition, we promote the social and cultural development of disadvantaged children, as the example of the *Buskaid Soweto String Project* shows. The project is intended to draw attention to the plight of around 50 gifted young string musicians in South Africa's Soweto township, which has two million inhabitants. Their families can hardly afford the most basic necessities of life, let alone provide their children with a musical education. When the British musician Rosemary Nalden heard about this and saw videos of the young talent a few years ago, she and several colleagues spontaneously decided to give them violin lessons for free. Thus was the *Buskaid Soweto String Project* born. Because the children couldn't afford the ticket to travel to the distant rehearsal room, the violinist established a special fund straight away. The donated money was used to build a music school in the young musicians' own neighborhood and to pay for their musical training. In August, 2000, the school was officially opened and the Soweto String Orchestra established. In order to guarantee its continued existence, sponsors set up a three-year financing program. Since 1999, Siemens has also been among the sponsors of the ensemble, which has distinguished itself through numerous appearances and a recording.

But it isn't only the children of the Third World who need encouragement and care. In industrialized countries, the interests of children aren't always fully attended to either. Their parents' unemployment, associated financial difficulties, the absence of career prospects and insufficient facilities to occupy the children in their free time all lead to social divisions in the Western world as well.

Furthermore, most of those effected live in neighborhoods where the problems reinforce one another. Areas of this sort, where social problems seem to converge, are found in every metropolis. One such place is Munich's Hasenbergl district. The Children and Youth Center there is the focal point in the lives of around 240 children, including political and war refugees as well as Germans.

As recently as two years ago, there was no real playground at the extensive site, which stretches over an area of 9,000 square meters. The 25 years that had passed since the facility was built had left their mark. There was no longer much left of the playground structures and equipment on the overgrown plot of land. During spells of good weather,

The employees at Siemens Corporate Consulting were determined to do more than just pass on charitable donations to unknown recipients. By harnessing their various skills, they were able to renovate a youth center in the Munich area of Hasenbergl.

there wasn't much the children could do constructively outdoors. The responsible authorities and the supervisors wanted to improve the center, but there wasn't enough private money available to renovate the building and its surroundings; public funding wasn't forthcoming either.

That made it exactly the right project for the employees at Siemens Corporate Consulting, who wanted to do more than pass on donations from charitable events at Christmas to an unknown recipient. They decided to renovate the building and the playground themselves.

For one day, a hundred corporate consultants at Siemens traded their suits or their skirts and jackets for overalls and construction helmets, their computers for spades and hammers, and set about turning the Hasenbergl center into a construction site. The results of their labors were impressive: a covered picnic area with kitchen facilities and a counter, a hut for storing timber, a seating area suitable for campfires and theater performances, a volleyball court, a slide and a new facade for the main building.

The operation was a complete success. ABIX – as the children call their adventure playground – has been much used ever since: whether for volleyball, building log cabins or performing plays. The almost daily fist fights of the past have stopped. The children obviously feel good in their new "home." And,

AROUND THE WORLD

++ **Brazil**, construction of a day nursery in Recife and Brasilia + **Poland**, Siemens supports the Association of the Blind with telephone equipment and computers + **China**, Siemens experts supply the hearing impaired in Chinese provinces with hearing aids + **Germany**, at the Munich-Schwabing Hospital, Siemens equips the children's section of the cancer ward with computers and high-speed Internet access + **Tanzania**, thanks to the pioneering work of two Siemens engineers, the inhabitants of a village in the Tanzanian bush can now make telephone calls + **Italy**, Siemens provides an expert in quality management to advise the country's social welfare organizations for a period of two years + **India**, flood victims in Orissa are supplied with medical equipment and receive financial assistance + **Greece**, financial donations to equip the fire department and reforest woodlands that have burned down + **Argentina**, Siemens provides communities with reusable wood from packaging. Recipients used the wood to construct simple furniture and even a kindergarten +

as Siemens project leader Albrecht Wild points out, "They've seen that people from outside appreciate them, and that's very valuable to them."

But the renovation of ABIX was something special for the consultants as well. "We could see the reward for our work immediately – in our normal projects it takes a little longer," says Wild. And we didn't just leave it at that: Siemens Corporate Consulting established a children's endowment that collects donations and uses them to finance projects.

The *Step21* initiative uses a media box containing videos, cartoons and computer games to promote tolerance, responsibility and civil courage. The message is aimed primarily at young people.

The team has also since carried out another successful project, this time in the Czech Republic. In the city of Pribram, 50 kilometers from Prague, Siemens built an international summer camp for children living in foster homes. This was also preceded by meticulous planning, and, as always, everyone donated their leisure time and worked on a voluntary basis.

INITIATIVES FOR TOLERANCE AND UNDERSTANDING

There is another respect in which an unstable social environment requires special attention: it can't be allowed to become a breeding ground for antipathy toward people whose skin is of a different color or who have a different religious faith. In view of xenophobic attacks in Germany, the companies Bertelsmann, DaimlerChrysler and Siemens established the nationwide youth initiative *Step21* in 1998. The underlying principle is that prejudice has no place in companies operating worldwide, where people from various cultures and countries work together. On the contrary, an open and tolerant attitude is a qualification employees must have.

Step21 is designed to address both adults and, above all, young people. The initiative intends to promote tolerance, responsibility and the courage and commitment to stand up for these values. The companies have thus far donated approximately EUR 2.3 million. Among the core elements of *Step21* is a media box – an interactive package of learning activities and games that consists of videos, comics, computer games and CDs – which leads to an open dialogue and a creative realization of the themes. It can be used by both schools and youth centers.

There is also the *Step21* network, which organizes competitions, workshops and events and offers a number of opportunities to obtain advice or meet people. The goal is to establish a dynamic platform – including a virtual club in the Internet – that young people who actively participate can use to develop their projects. Exemplary activities are honored in the framework of a competition and then published on the *Step21* Internet site.

Understanding and tolerance are also the goals of the organizers and supervisors of the Jerusalem Foundation. This charitable organization was established in 1966 by Teddy Kollek, the mayor of Jerusalem at that time. It concerns itself with the welfare of all the citizens of Jerusalem, and it aims to strengthen neighborly relationships in the residential quarters and to promote the city as a meeting place for members of all religious faiths. Examples of these efforts are projects in the areas of municipal services, social welfare, the education and integration of immigrants and also the support of urban development, which can take the form of maintaining historic buildings.

The Foundation also views itself as a mediator between the Jewish and Arab worlds. Through numerous projects in the areas of music, art, sports and science, the Jerusalem Foundation tries to tear down the walls of distrust and fear.

Generous donations from around the world have enabled the organization to contribute more than EUR643 million to the development of Jerusalem and to support many programs, including one devoted to building the Konrad Adenauer Conference Center. Siemens was one of the sponsors that helped finance its construction. This meeting place will serve as a venue for events and also as an international forum for activities related to culture and the humanities in Jerusalem. The official opening is scheduled for early 2001.

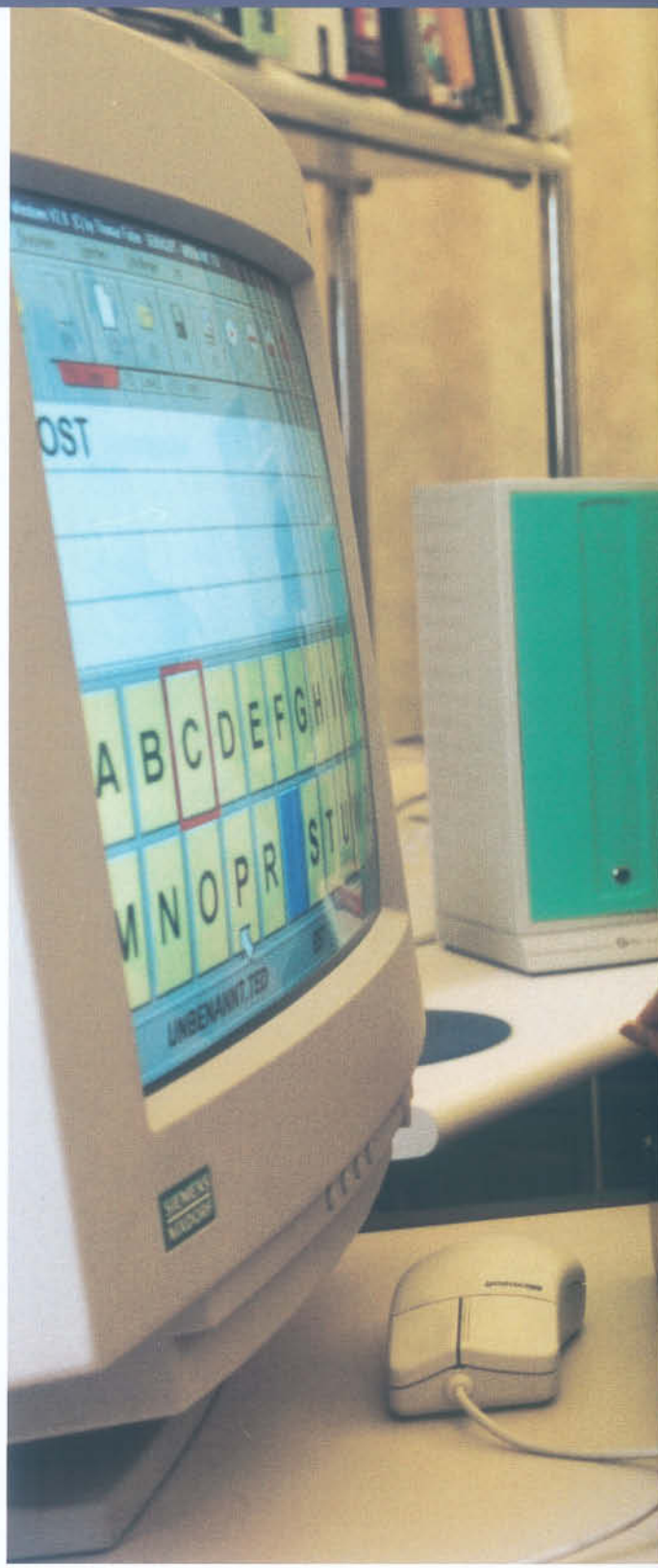
YOUNG PEOPLE COUNSEL YOUNG PEOPLE

The idea comes from the U.S.: counseling over the telephone by young adults who answer not only questions about the best movies, but also about effective drug counseling. This idea took hold in Munich as well: since the spring of 2000, a group of young people has been supervising the telephone service *Young People Counsel Young People*. The service offers a place to turn to for help with everyday problems, large or small. One notable feature: the youths manage the association Infofon independently and thereby serve as a model for other cities in Germany. The project is being sponsored by the Munich Youth Welfare Department and Siemens. We provide technical equipment, such as the telephone system, computers and a local network. In addition, Siemens experts have taught the youths how to handle the technology. A long-term maintenance contract underscores our sustained commitment.

A HELPING

Fifteen-year old Florian is playing the game Memory on the computer. He moves his misshapen hand with great difficulty toward the keyboard in order to uncover the second card bearing a picture of a cat. He knows exactly where it is, but still has a very hard time getting there. Because he suffers from cerebral palsy, Florian cannot control his movements – he can't pick things up, point to objects, hold them or let them go. Neither can he speak. Nevertheless, he certainly enjoys playing on the computer. And when he manages to hit the right key, he laughs out loud with delight.

Life didn't look that good for Florian a few years ago. Children suffering from cerebral palsy need continuous and, above all, highly individualized support and encouragement. "Florian is heavily restricted by his physical disability," explains his ergotherapist, Christl Brandl. "He can't play like a normal child and can hardly speak. But he is very alert and interested, and his passive language skills are very well developed. We therefore decided a couple of years ago to try and get him interested in using a PC so he could get more out of playing and express himself better."



Florian, who has cerebral palsy, uses large arrow keys to compose words on his PC.

HAND

The first thing Florian learned was what he could do with a keyboard containing just one single key. For example, he was quickly able to switch his favorite music on and off, steer a remote-controlled toy car through the room, and activate a voice simulator so that he could make himself understood: "Hey you, come and talk to me!" After a short while, he became so adroit at pressing the key that a second one was added to the keyboard. This meant he could use a PC program to steer the toy car to its parking space along a series of routes of varying difficulty. In the meantime, he has made so much progress that he can now use five large keys to operate the computer and is therefore able to play Memory. "Some kids who are actually less physically disabled than Florian are not nearly as motivated as he is," says Christl Brandl. "It's just amazing how much he's learned over the last eight years."

Florian attends the Bavarian State School for the Physically Disabled, which is located in Munich, Germany. The school is one of more than 220 such facilities throughout Germany that are currently reaping the benefits of Siemens' *Computers Help to Heal* project. In this case, the company provides the PCs used by Florian and his fellow students. As part of the project, Siemens also advises both individuals and facilities on computer equipment for the disabled, sells such computers, and installs software – therapeutic, learning and standard programs – for clinical, professional and private users. "Working together with foundations and institutes such as the ZNS Trust, the German Multiple Sclerosis Society or the Cystic Fibrosis Assistance Group, we have installed more than 900 PCs and workstations for the disabled in over 220 rehab facilities, special-needs schools and workshops for the disabled throughout Germany," says project manager Heinz Besgen. "Each day, more than 3,700 people train with our systems."

HIGH-TECH SUPPORT FOR THE DISABLED

The *Computers Help to Heal* project was started by Siemens in 1983. One of the prime initiators of the project was Hannelore Kohl, wife of former German Chancellor Helmut Kohl, and president of the ZNS Trust for persons injured in accidents and suffering from disorders of the central nervous system. The aim of *Computers Help to Heal* is to provide disabled people with access to computer technology and thereby improve their lives at work and at home. The project promotes the development and use of special hardware and software for this purpose. In conjunction with applied cybernetics specialist ABP, special keyboards were developed for people with a range of disabilities – such as thalidomide victims, people with only one hand and those who can write using only their mouths. Thanks to a special control system developed by Siemens, disabled persons can use voice commands to operate lights, switch on the radio or TV and shut doors or windows. An innovation in this field – and one which is of particular significance for paraplegics – is a computer mouse that can be controlled through eye movements. We are also developing therapy programs designed to help patients in rehab facilities regain mental capabilities lost, for instance, in an accident.

The four people working for the project advise disabled individuals as well as special-needs clinics and aid organizations on appropriate software and hardware. In addition, they are responsible for selling and installing the equipment as well as the training and software programs. To date, *Computers Help to Heal* has donated over 900 data-processing systems, new and secondhand PCs, laptops and cell phones to a range of facilities around the world, including some in Kosovo and developing countries. The requisite funds are provided by Siemens and through the sale of Christmas cards created by the disabled.

INDIVIDUALIZED HELP FOR EACH SPECIAL-NEEDS STUDENT

Founded in 1832 by Johann Nepomuk Kurz, the Bavarian State School for the Physically Disabled in Munich is the oldest institution of its kind in Europe. Today, as director Anneliese Huß explains, the school has 300 students between the ages of 4 and 23 with a variety of disabilities. Some 200 people work at the school, including special-needs teachers, tutors, physiotherapists, ergotherapists, speech therapists and support staff. They work with day students, boarding students, elementary and secondary school pupils and vocational trainees, and are all absolutely committed to the physical and mental well-being of their charges.

"We're equally concerned about all the people here," says Huß. "And that means the not-so-gifted as well – those who without support and encouragement would have little or no chance and would quite simply be left to their own devices." Mentally handicapped or not, big achievers or less so – such categories are absent from the school's philosophy. "In a certain respect", Huß explains, "we are all disabled in a way, because there is always something that we can't do that others can". Jens Günther, who also suffers from cerebral palsy and earned his diploma here more than eight years ago, puts it this way: "It's just that people's individual goals are different. For someone with a multiple disability, these goals are quite different than for me. The main thing is that everyone here has the chance to attain their personal best."

Computers are a big help in this respect. They not only allow disabled children to play games and learn to occupy themselves, they also help them communicate and learn more easily. Special-needs teacher Karin Bruckmüller has eight-year-old Rafail in her class, which is in the introductory grade for children with multiple disabilities. Rafail is absolutely wild about using the PC. "Children react to anything that moves," says Bruckmüller. "That's why an image on a computer screen provides much more stimulation than a picture book. On the other hand, the children quickly lose interest if the computer is too slow and things take too long."

Marco and Andreas, both of whom suffer from cerebral palsy, are in the ninth grade. They prefer to write with the computer rather than by hand. Because of their disability, the computer is not only

It's not all work and no play at the Bavarian State School for the Physically Disabled in Munich, where students have time for sports activities or a chat with a friend.

The PC is the single most important tool for 28-year-old Jens Günther. In spite of his disability he earns his living as a network administrator and teacher.

faster, but also produces a much neater result. In 2000, they and their classmates beat off competition from high-school and vocational-school students of the same age to win one of the first prizes in the multimedia computer competition organized as part of Siemens' *Youth and Knowledge* program.

MINI KEYBOARD

Eighth-grader Dennis relies on the PC even more than Andreas and Marco. He suffers from muscular dystrophy, a disease marked by a progressive weakness and wasting of the skeletal muscles. Because Dennis is unable to reach for a pen and a piece of

By doing his schoolwork on the computer, Andreas can keep up with other students his age.

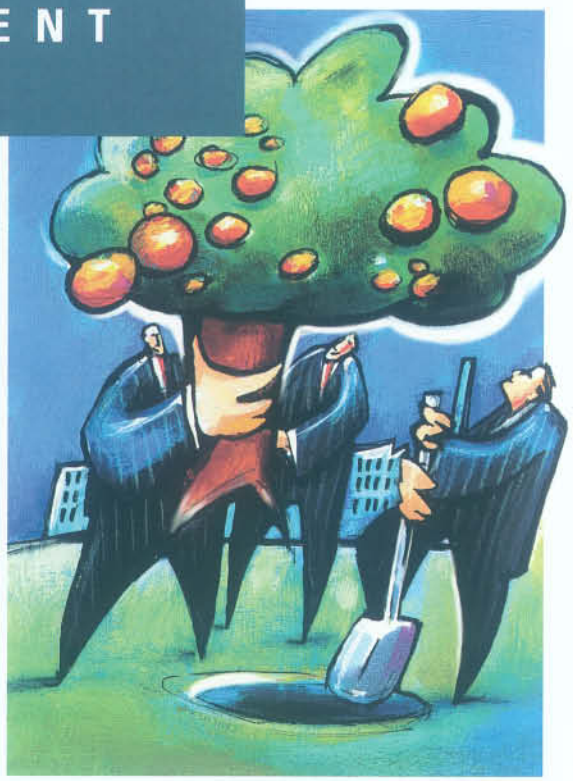
A computer with a mini-keyboard is a boon for Dennis, who can hardly move his arms.

paper, he uses a special graphics board incorporating small keys for all the letters. With the help of a special pen, he touches the keys one by one to type in the individual letters. Even this simple movement requires great effort and sets his whole upper body in motion. "Dennis is a very good student," says special-needs teacher Ilse Fledering. "Thanks to the PC, he can work unassisted and for much longer on his own. It would be even better if he always had a laptop nearby."

Technology plays a crucial role in the life of Jens Günther. For example, an electric wheelchair means he can move around with relative freedom – and, of course, the PC has opened up new dimensions. "You have to accept a disability for what it is and make the best of the opportunities you have," he says with conviction. He's certainly done that and more: after receiving his diploma from the Bavarian State School for the Physically Disabled, Jens went on to complete a training program in data processing at Johann Peters Vocational Training Center in Waldkraiburg, Germany. He was the first person with a serious disability to make it at the center, which also received computer equipment as part of Siemens' *Computers Help to Heal* project. What's more, Jens went on to find a job. For eight years now, the 28-year-old has been working for EDV konkret, a company in Augsburg, Germany, that employs 20 people and specializes in commercial and data-processing training. "Together with a company trainee, I look after the in-house network, which has around 110 computers. I also teach every day from 8:00 a.m. to 1:00 p.m.," explains the friendly young man. It goes without saying that the job didn't just fall into Jens' lap. He had to battle against external resistance and occasionally his own physical and mental barriers. Yet he overcame them all – thanks also to the help and support of his parents. He knows from his own experience that computers can give those with special needs a better quality of life: "Using computers makes a lot of sense if technology can help compensate for our disabilities – and that is often the case."

ENVIRONMENT

One of Siemens' most important principles is its commitment to environmental protection and sustainability. As described in our regularly published Environmental Report, we set standards for environmental protection in many areas of the world when it comes to our products and manufacturing processes. Additionally, we are also taking concrete steps to become more actively involved in environmental protection at our locations worldwide. Current activities range from conducting information campaigns on reforestation programs to donating solar pumps.



The original vegetation is reclaiming the area around the Siemens telephone plant in the Brazilian town of Curitiba. This explains the appearance of all types of plants growing rampant in places where you would expect to find neatly raked paths rather than tropical jungle. Siemens production consultant Baldur Herr and his colleague Steen Finn Bager have planted and looked after what is now six hectares of jungle vegetation. Together with a group of colleagues, they have planted over 2,000 indigenous trees since the project was launched in 1999. The aim of the reforestation project is to extend the wooded area to around 100 hectares. Collaboration with municipal authorities is also being expanded to ensure that reforestation efforts are not restricted to factory premises.

The Curitiba project is also intended to improve air quality in the surrounding regions and to set an example. "We want to develop our employees' ecological awareness through actions rather than lectures," says Herr. Employees can heighten their appreciation for nature by going on hikes with guides knowledgeable about local flora, for example, and by visiting the plant's own tree school, where employees and their children learn first hand about different plant species.

However, Herr is not concerned about the jungle alone. He points out that many inhabitants of Curitiba still throw their waste into the river instead of using garbage collection services. The quality and consumption of water is a major issue that needs to be made clear to those it will effect most – future generations. This explains why Herr staged a special play for the children of Curitiba in 1999. Entitled "Cadê a Água?" (Where's the water?), the play aimed to motivate its audience to help protect the environment. It proved so successful that it earned Herr the *Siemens Environmental Prize 2000*.

A TREE FOR EVERY WASHING MACHINE

While the Netherlands certainly has enough water, unfortunately the same cannot be said when it comes to trees. To help remedy the situation, "Boomfeestdag" (National Tree Day) is celebrated annually with a reforestation campaign throughout the country. To support these efforts, Siemens Netherland's Household Appliances Division came up with a very special offer on April 22, 2000: for

every energy-saving A-Class appliance purchased that day, Siemens employees donated a tree. In late November, school children worked enthusiastically in a wooded area near The Hague to help plant the first 300 of some 3,000 trees donated that day. The aim of the reforestation project is not just to expand the wooded area in the Netherlands, but also – as in Brazil – to serve as an example of appreciation for nature and the environment.

HARNESSING THE SUN TO HELP FIGHT POVERTY

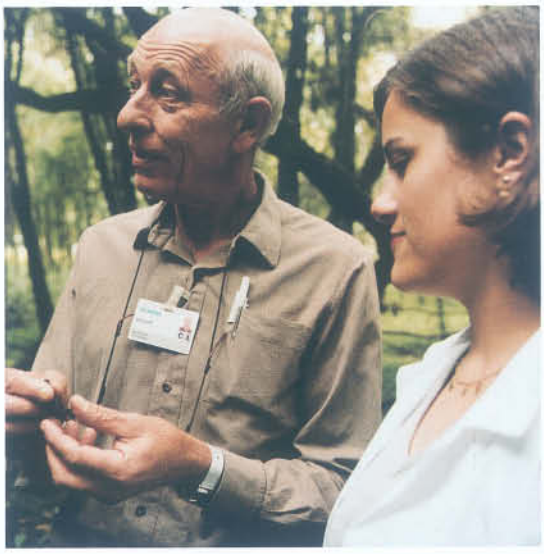
In Thailand's Srisaket province, the sweltering heat is a burden on field workers. However, in spite of the scorching sun, the flow of water irrigating the fields continues unabated. Here the sun has been beaten at its own game: it actually provides the energy to run Siemens' solar-powered irrigation pumps. Donated by Siemens, these pumps enable 90 families to take part in the royal *Red Sapphire 07 Project*. This program provides land for farmers who were expelled during the war in Indochina, enabling them to live above the poverty line. The pump system combines active environmental protection with the fight against poverty.

CHINESE JOURNALISTS TAKE AN EYE-OPENING EXPEDITION

The best way to achieve ecological awareness is to show people what you mean. Working on this assumption, the Chinese government launched an awareness campaign known as the *China Century Tour of Environmental Protection*. Twenty-two journalists from 14 different media organizations were invited to take part in a several-week trip through Western China to report on environmental problems as well as projects being undertaken there. Siemens sponsored the expedition for the third time. "The media plays a key role in increasing environmental awareness among the public," says Beate Bieniek, head of Corporate Communications at Siemens Ltd. in China. As a result of the environmental tour, participating journalists produced more than 200 reports – in print, on television and the radio – aimed at helping bring humankind and nature back into harmony.

HELPING SAVE GREECE'S FORESTS

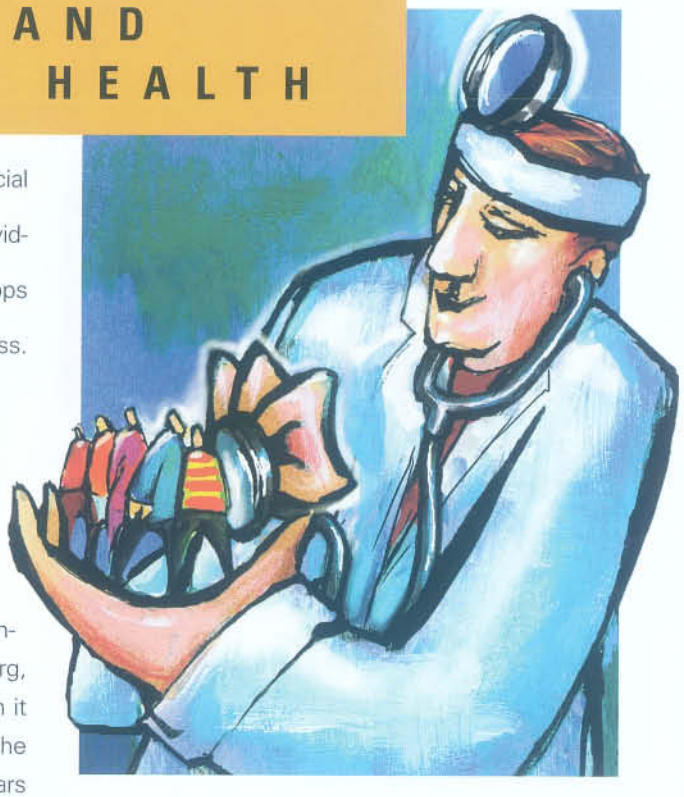
Besides the power saw, one of the forest's worst enemies is fire. The Mediterranean countries feel the force of such conflagrations every year, particularly in Greece, where hundreds of hectares of forest regularly go up in flames. Firemen often face serious difficulties when trying to tackle the fire, since the infrastructure and equipment at their disposal is inadequate for the task. That was reason enough for Siemens to promote reforestation efforts and support the Forest Protection Association of Mount Penteli, near Athens. Most of the funds provided are used for new fire engines.



In Curitiba, Brazil, Baldur Herr explains flora and fauna of the new jungle to Siemens-employees and their families.

SAFETY AND HEALTH

Employee safety and health is one of the pillars of the company's social policy. Specialized engineers ensure workplace safety. In addition to providing consultations and treatment, company physicians organize workshops and events designed to enhance employees' safety and health awareness.



Dr. Gerhard Roos sometimes resorts to unorthodox measures to protect the health of Siemens employees. For example, checking the mop water of the cleaning teams at a chip fab for arsenic residue. As the company physician at the microchip and optoelectronic semiconductor manufacturing facilities in Regensburg, Germany, Dr. Roos may be very fastidious when it comes to chemical poisons at "his" factory. But he is also a leading specialist in the field. A few years ago, for instance, he gained acclaim for the innovative cleanroom clothing he designed in collaboration with physiologists specializing in protective garments.

Our commitment to the safety and health of our employees is reflected not only in the efforts of specialists like Dr. Roos, but also in a range of processes which we are continuously developing. For instance, instead of just minimizing the presence of dangerous chemicals in our microelectronics facilities, we rely on biomonitoring. This is the analysis of chemical compounds or their metabolites in urine and blood. The concept is based on the fact that workers can be exposed to dangerous substances even if the air is absolutely pure.

PREVENTION IS BETTER THAN CURE

Our safety and health measures benefit not only employees who work in production facilities, but also administrative and sales and marketing personnel. In Germany alone, Siemens employs 80 company physicians and 114 medical support staff who offer emergency treatment, consultations, lectures and special events designed to heighten employees' health awareness.

To help prevent future health problems, employees can take part in a three-week health program at one of the company's three health centers

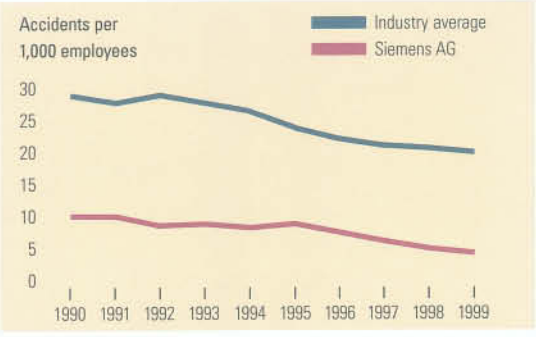
in Germany. An average of 2,300 employees take advantage of this opportunity every year. Since the spring of 2000, employees can also sign up for a three-day health seminar.

Health care and preventive measures for our employees worldwide are a priority, and we have already achieved a high standard in this area in a number of countries.

ACCIDENT ELIMINATION IS THE GOAL

"The safety and health of our workers is a pillar of the company's social policy," says Dr. Bernhard Ascherl, Chief Safety Engineer at Siemens. "I'm convinced that the prevention of accidents and illnesses contributes significantly to the competitiveness of our company". For example, recent improvements in the ventilation system of the company's Hong Kong offices resulted in a 40 percent drop in sick leave.

"Accidents have declined considerably", adds Ascherl. The 300 safety engineers and 4,000 safety personnel employed in Germany alone have proved their worth – both for the employees and the company. With 4.7 work-related accidents per 1,000 workers, the company rate is well below the industrial average of 20.6 (see chart). For other countries, where figures are available, the situation appears to be the same almost everywhere.



All the Siemens Groups are involved in reducing work-related accidents. Between 1995 and 1999, targeted safety measures at the Power Generation Group in Germany reduced accidents from 10 per 1,000 employees to 5. At the same time, the number of work-related accidents at Siemens' Automotive Group fell from 8.3 per 1,000 employees to 4.6. At the Information and Communication Networks Group's facilities in Argentina, Chile and Uruguay, the number is almost zero.

In all Siemens companies in Europe – not just in Germany – work safety commissions have been established. In addition, says Ascherl, the company is developing a set of international standards to make safety in the workplace an integral part of management and leadership.

Siemens company physicians have a wide spectrum of responsibilities, ranging from normal health checks (opposite page) to the development of innovative work clothes like those introduced by Dr. Roos (top right).

SPORTS AND LEISURE

We support not only well-known sporting events but also the leisure activities of our employees. In Germany, for example, some EUR5 million a year are allotted for employees' sports, hobby and cultural activities. This covers the costs of sports facilities as well as assistance for various internal leisure activity groups. Around 40,000 employees, relatives and retirees participate in such groups at more than 25 locations throughout Germany. As these people appear at many public events, they form an important link with society.

Watching the yellow ball flying back and forth, the audience can easily forget that the players they're watching are actually severely handicapped. Around 100 people from almost 20 countries came to this year's German Open, the International Wheelchair Tennis Championships at the Siemens Tennis Club in Munich. For eight years now, we have been sponsoring and organizing this event – which is highly ranked by the International Tennis Federation – with a financial and organizational contribution worth a total of EUR35,000.

A CUP FOR INTERNATIONAL FRIENDSHIP

The biggest event of the year for Greek sailing fans is the North Aegean Cup. Regattas with international participants take place for an entire week along the coast of the Chalkidike peninsula. The highlight of the sailing week is the Istanbul-Neos Marmaras (Chalkidike) cruise, which is organized jointly by the Turkish High Sea Sailing Club and the Thessaloniki Nautical Club. Through their passion for the sea and sailing, these two clubs have succeeded with this regatta in creating a symbol of international understanding – in harmony with the new policy of rapprochement and cooperation. Good enough reason for Siemens to provide financial support for this competition.

There are two sides to sponsoring at Siemens. We of course use it as a means of communication, as it provides us with many opportunities to present the Siemens name. However, we also use it for social reasons, as in sports events such as the International Wheelchair Tennis Championships described above.

A VARIETY OF LEISURE ASSOCIATIONS

In Germany, the activities of our employees include a large number of leisure activity groups in Germany, which are responsible for their own organization and administration. We offer them free use of company premises, sports grounds or other facilities where they can pursue their various hobbies. In addition, we often assist them financially. The three largest leisure activity groups in Germany are in Munich, Erlangen and Berlin. Around EUR1 million a year go to the association in Munich with its approximately 10,300 members.

The activities of the 35 different leisure activity groups center around sports. There's something for everyone – from ball games (soccer, handball, basketball, volleyball, tennis, fistball, table tennis, badminton) to gymnastics, dancing and martial arts (judo, karate) as well as mountain climbing, sailing, shooting and fishing. Special activities such as gymnastics for mothers and children and sports for retirees are offered at Erlangen.

There are also leisure activity groups concentrating on arts and music. The Siemens Orchestra in Munich was established 18 years ago and has a core of over 70 winds and strings. Its public concerts in the Herkulessaal of the Munich Residence have become a tradition and are always sold out. The Siemens Big Band in Berlin has already made a name for itself with its public performances – also outside the city. The musical section is rounded out by Siemens choirs in various locations.

AROUND THE WORLD

++ **Cambodia**, a donation from Siemens enabled a volleyball team composed solely of the victims of landmines to compete in the Paralympics in Sydney + **South Africa**, one of our cricket teams successfully defended its league title, and the tennis club also reached league level + **Hungary**, Siemens supports the sports association of the Budapest Technical University + **Belgium**, Siemens sponsors the local football club Union Saint-Gilloise, which concentrates on integrating boys from ethnic minorities +

These are not, however, the only artistic activities at Siemens. The theater group gives public performances of sophisticated plays, while the drawing and painting groups display their talent each year with an illustrated calendar. Photo and film enthusiasts have their own groups, as well as amateur magicians. And there are a variety of other clubs, such as the chess club, the short-wave radio enthusiasts, the stamp collectors association, and various social organizations, such as the former Siemens trainees group and the international employees' group.

The participants in the International Wheelchair Tennis Championships in Munich are masters of mobility.

SOLUTIONS FOR LIVABLE

Siemens' commitment to society is not only reflected in initiatives like the *Youth and Knowledge* program, disaster relief projects and sponsorship in the areas of arts and culture. It is also evident in the company's business activities, which aim to ensure that life in the future will be worth living. Siemens' solutions for the cities of the 21st century provide the best example of such commitment.

"We are living in the millennium of cities," UN Secretary General Kofi Annan told the 3,500 mayors, political leaders, city planners and businessmen gathered at the Urban 21 conference in Berlin last July to discuss innovative urban concepts. Conference participants repeatedly voiced the view that cities will end up victims of their own success if decisive steps toward sustainable development are not taken. While industrial countries are focusing on issues like urban flight, environmental pollution, traffic congestion and affordable housing, developing and emerging countries are confronted with very different problems. Many of their people – choking in garbage in slums and shanty towns – are without access to education, clean drinking water and reliable, inexpensive electricity. Yet urban populations are growing at breakneck speed. By 2025, there will be five billion city-dwellers compared with three billion today.

"Sustainable urban development is one of the most important issues of the 21st century," noted Günter Wilhelm, former member of Siemens' Managing Board, at the international Symposium for Sustainable Urban Development held at Expo 2000. Siemens – working together with its partner city Shanghai and city development specialists – presented a vision of urban life in the 21st century at the Expo. Over the last few years, Shanghai, in particular, has developed into an unbelievably dynamic city. Hundreds of new skyscrapers and urban neighborhoods have sprung up overnight, and thousands of companies have opened branches in the city. Over the next 20 years, this city of 15 million people is planning to build several new power plants, the largest airport – complete with transrapid link – in China, 11 new subway lines and a high-speed rail connection to Beijing.

In all of this, Shanghai is relying on Siemens. The company and the city have been partners since 1879 when Siemens supplied the power to light Shanghai harbor. In Shanghai alone, we have 15 joint ventures working on complex infrastructure projects like subway system expansion, mobile communication networks, power plant construction, industrial technology development, the equipping

of hospitals and complete security systems for one of the tallest structures in the world – the Jin Mao Building.

CITIES

Siemens' long-term cooperation with Rotterdam in the Netherlands is another outstanding example of a successful urban partnership. In Rotterdam, we were not only able to implement the world's first fully-automatic container terminal for Europe's largest port. We were also able to convince the city government of the need for sophisticated transportation control systems as well as for security and signaling systems for freight transport. Furthermore, a special Infrastructure Projects taskforce is studying municipal development plans to determine possible areas of collaboration and developing future-oriented concepts for everything from fuel-cell-based distributed power systems, automated parking garages and non-contact chip cards to remote electricity meter-reading, water management and telematics systems for healthcare providers.

Siemens' capabilities are especially evident in hospital infrastructures. We are working with partners in an international consortium to finance and build Barnet Hospital in London. For the next 30 years, Siemens will be responsible for the hospital's administration systems, for providing and maintaining state-of-the-art medical equipment and for telecommunication systems, computers and related networks. The project is a truly pioneering model for efficient healthcare systems in urban areas.

The Petronas-Towers in the Malaysian capital Kuala Lumpur are lit by 180,000 Osram lamps. An electronic control system ensures energy-saving power consumption.

"Partnerships with companies will play an increasingly important role in creating quality cities," predicts Roxanne Qualls. The former mayor of Cincinnati, who is now a lecturer at Harvard University, has had a great deal of experience with public-private partnerships. "In the past, projects consisted primarily of ready-built facilities for power supply, waste disposal or transportation systems," Qualls said at the Siemens symposium at Expo 2000. "Now, building systems, lighting, healthcare and telecommunications are also important, as are smart financing solutions. The future belongs to partner companies that can offer all of this in a comprehensive fashion while working closely with cities."

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ORDERING INFORMATION

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