

SIEMENS

Corporate Citizenship Report 2001



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Our knowledge and our solutions
help create a better world.

(Siemens Corporate Principles)

As a global company, Siemens prides itself on combining business success with environmental awareness and social responsibility.

In December 2000, we published our first Corporate Citizenship Report. Reader response was highly favorable. The aim of the Report was to extend our dialogue with all our stakeholders – our customers, our suppliers, our employees and the general public – by explaining the steps we are taking in community initiatives around the world. Our Corporate Citizenship Report 2001 is continuing this dialogue in a more expanded form.

2001 has been a year of extraordinary upheaval in the general conditions underlying business activity. To industry-specific and global economic turmoil has now been added the threat of global terrorism. Of course, we cannot foresee all the difficulties that will confront us in the near future. But one thing is certain. In a time of such wide-ranging challenges, dialogue with society and responsible corporate citizenship are more vital than ever before.

In the words of our Corporate Principles, “Our knowledge and our solutions help create a better world.” And we are convinced that every company – as an integral part of society – has a corresponding obligation to contribute to the common good. At Siemens, this perspective and the commitment it entails were already embodied over 150 years ago in the life and work of our company’s founder, Werner von Siemens.

Today, we are fulfilling our social responsibilities in a variety of ways. We train some 13,000 young people every year and provide all our employees with opportunities for acquiring additional qualifications – thus helping to ensure their employability both now and in the future. Life-long learning and its prerequisites are integral parts of our training concept. Our extensive activities to support elementary, secondary and university education worldwide are part of the same vision.

We are equally committed to promoting culture and the fine arts. For decades, Siemens has been a distinguished sponsor of museums, exhibitions and cultural events as well as of individual artists. Our Siemens Arts Program focuses on the development of new art forms. In addition to our contributions to the arts, we also help supply people's material needs. For example, we provide quick and unbureaucratic assistance in situations where help is urgently required: in natural disasters, in the battle against want, poverty and deprivation and, especially, in improving the lives of disadvantaged children. We also encourage our employees to participate in community projects. For instance, the effective relief efforts that we organized during the recent cold wave in Mongolia and following last year's earthquake in India would not have been possible without the assistance of large numbers of Siemens volunteers. In the wake of the terrorist attacks in the U.S. on September 11, 2001, we established a special organization, the Siemens Caring Hands Foundation, to enable the company and its employees to channel assistance to the victims and their families.



Of course, we feel a special responsibility to ensure the welfare of the people who work for Siemens worldwide. Here we focus on issues like occupational safety and health care. We provide facilities for a variety of sports and leisure activities and assist the families of employees in dealing with day-to-day problems. Employee pensions and asset formation are also important concerns. The international composition of our workforce and the multitude of talents, cultural backgrounds and perspectives possessed by our employees are valuable sources of ideas and creativity that we nourish and protect.

Integrity is the basis of all our actions – of our dealings with our business partners, our shareholders, the general public and our employees. This maxim, also expressed in our Corporate Principles, is embodied in our Business Conduct Guidelines, the rules that govern our economic behavior. In our strategic planning and in our daily business, we aim to meet the same high ethical and legal standards that we expect others to observe in their dealings with us. For this reason, the Business Conduct Guidelines are binding on all Siemens

employees worldwide. In addition to honesty and integrity, they mandate, among other things, mutual respect, obedience to the law and compliance with anti-trust regulations.

Corporate citizenship is a key aspect of the concept of sustainability – a major area of political concern ever since the UN environmental summit in Rio de Janeiro in 1992. By sustainability, we understand the obligation to ensure that present and future generations continue to have access to the same basic prerequisites for productive and meaningful existence. It is also in our interest to safeguard Siemens' long-term existence as a successful business enterprise. This, in turn, requires a balance between economic, social and environmental goals. Siemens is committed to the principle of sustainability and molds its actions to meet all three criteria for sustainable development. In recognition of our success in this area, the company has been listed on the Dow Jones Sustainability Index for the last two years.

I hope that our Corporate Citizenship Report will provide you with a better insight into our company. Please don't hesitate to contact us. Your ideas and suggestions will help us improve.



Dr. Heinrich v. Pierer
President and CEO of Siemens AG

Corporate Citizenship Report 2001

This report, our second on corporate citizenship, takes a more detailed look at the whole topic. This edition features a new facts and figures section that outlines the scope of our citizenship initiatives in numeric terms.* Information is also available on the Web (www.siemens.com/corporate_citizenship), including an overview of our international activities, plus a number of examples of initiatives in various countries.

Giving comprehensive and detailed coverage to all the community initiatives undertaken by a company the size of Siemens is impossible in a 48-page brochure, so we have had to pick a selection of programs, projects and individual efforts to serve as examples of our activities around the world. Here are a few figures that put this in context: 484,000 people work for Siemens worldwide; we operate around 570 manufacturing locations in 50 countries; we have research and development sites in over 30 countries; we have branch offices in almost every country in the world; and we have 67 Regional Companies dotted around the globe – units like Siemens S.A., Buenos Aires and Siemens Ltd., Hong

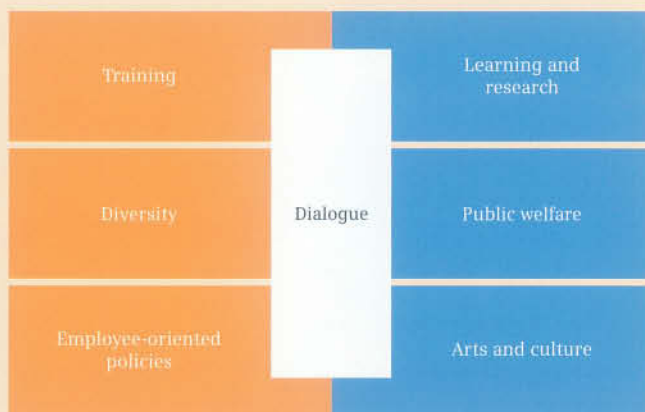
Kong. Clearly, providing a detailed breakdown of our efforts and initiatives in every country would greatly exceed the scope of this brochure. Accordingly, the examples cited here – in seven sections, each devoted to a separate topic – have been chosen to provide as representative a survey of our citizenship work as possible.

Since we published our first corporate citizenship report, we've widened our activities considerably. To reflect this, we've adapted and extended our chosen topics, adding sections on "Diversity," "Dialogue," and "Employee-oriented policies" (which incorporates the former sections "Safety and health" and "Sports and leisure"). At the same time, this year's report does not include an "Environment" section, because this topic will

be covered separately and in detail in our Environmental Report 2002, slated for publication in May 2002.

In future, we plan to publish a sustainability report on each fiscal year, rather than produce separate corporate citizenship and environmental reports. This

underscores our commitment to sustainable development and the balancing of economic, ecological and social interests.



The above topics are covered in this report. We regard our dialogue with society as a uniting element that forms a link between our initiatives for employees (the left column) and our initiatives for the general public (the right column).

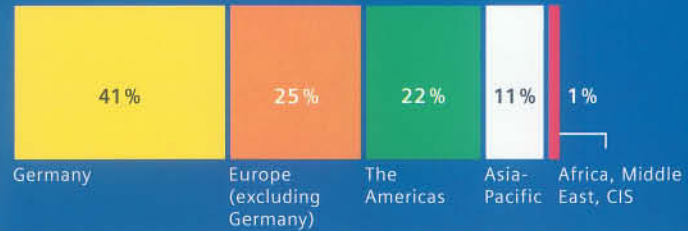
* All the figures quoted apply to Siemens' fiscal year from October 1, 2000, to September 30, 2001.

Employees and trainees

At the end of the fiscal year, we had 484,000 employees worldwide, including 34,000 with Infineon Technologies AG. Overall, the size of the workforce was up 36,000, year on year – primarily due to the integration into Siemens AG of Mannesmann VDO and Mannesmann Dematic. Women make up 26 percent of our global workforce. Although they only hold 8.5 percent of the company's managerial posts – some 70,000 in total – women currently account for 21 percent of all new university and college graduate hirings.

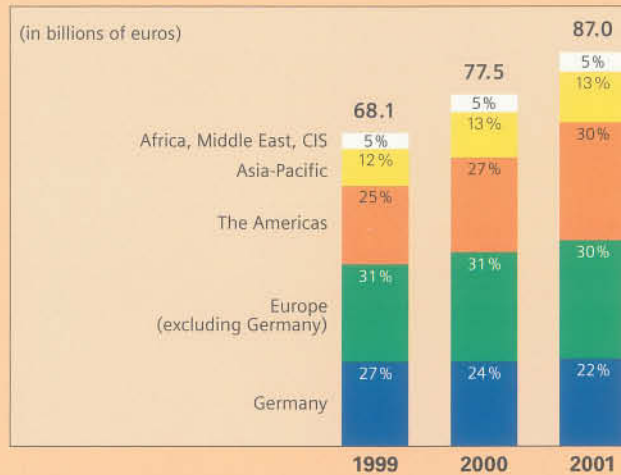
We remain firmly committed to advancing young people's education and providing continued education opportunities for our employees. Our spending in this area ran to more than €500 million during the past fiscal year. Around 40 percent went toward apprenticeship training programs; the remaining 60 percent we invested in continued education. With a current training and education offering comprising roughly 35 apprenticeships and degrees, we are currently putting some 13,000 young people through apprenticeship or dual degree programs. Over half of our employees have taken part in qualification programs and courses, with e-business being the number-one focus of onward training at this time.

Employees worldwide



In fiscal 2001, Siemens succeeded in increasing sales 12 percent, to €87 billion. Whereas sales in Germany remained almost flat, business outside Germany grew 16 percent, to €67.9 billion. This means we achieved 78 percent of our total net sales in foreign countries. Sales growth was especially strong in the United States, at 24 percent, and in Asia-Pacific, where it reached 11 percent. In China, a particularly high-growth market, our sales grew 44 percent. In Europe, not including Germany, sales climbed 9 percent.

Sales by region



www.siemens



Environmental management

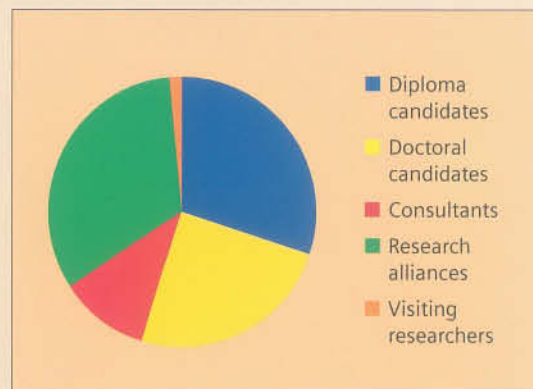
At Siemens, successful environmental protection works in two ways: First, it plays a substantial role in helping us fulfill our citizenship commitments; second, it harbors major potential for cost savings and improvements in productivity. This is why we strive in our manufacturing locations to conserve resources and to limit emissions as far as possible. The products we make consistently require fewer raw materials than before; they consume less and less energy; and they are increasingly easy to recycle.

Comprehensive environmental management is helping us attain these goals. We have set ourselves the target of achieving compliance with the international standard ISO 14001 in the environmental management systems in place at all our locations. Today, we can already look back on 180 successful accreditations to this standard in 19 countries. At the same time, 45 of our locations regularly submit to voluntary audits under the European Eco-Management and Audit Scheme. Taking an end-to-end approach to environmental management makes it easier for us to align our environmental policy with the complete lifecycle of our products.

R&D collaboration

The research and business communities exchange a vast quantity of information, even though their respective interests may appear to run counter to one another: Whereas the natural and engineering sciences seek to achieve important high-profile discoveries, corporations need to strike an optimum balance between technical innovation and calculable business risk. However, achieving the desired success calls for combining the two communities' specific capabilities.

Our goal therefore is to achieve an ideal union between our own research efforts and those of the partners we work with. Given the increasing brevity of product and innovation cycles and the mounting competitive pressure to win market share, it is vital that we shape the way in which we collaborate with the research community to maximize effectiveness. The main fields in which we collaborate with researchers are software and



engineering, information and communication, manufacturing methods and materials, production processes, micro-systems, and energy. Today, we have an international network of contacts in universities and research institutions consisting of diploma candidates, doctoral candidates, consultants and visiting researchers under contract, and over 500 research alliances (see chart for distribution).

com/corporate_citizenship

Sustainability

Sustainable development – matching long-term business success with social responsibility, corporate citizenship, and environmental awareness – is one of the key principles governing the way we operate. And with a history stretching back more than 150 years, Siemens can look back on generations of successful corporate governance. Today, creating our roadmap for sustainability is the task of our Sustainability Strategy Council, a body set up specially for this purpose. Not only is sustainability something we pursue in our own interests, it is also an emerging focal issue for investors and society at large.

This rapidly widening trend is underscored by the growing importance of the Dow Jones Sustainability Indexes (DJSI), which began listing Siemens last year, primarily on the grounds of our environmental initiatives, our system of environmental management, our community-based programs, and our long-term approach to maintaining profitability.



Key financial figures

(in millions of euros)	2001	2000
New orders	92,528	83,426
Net sales	87,000	77,484
Net income	2,088	8,860
Net cash provided by operating activities	7,016	6,154
Net cash used in investing activities	– 5,886	– 435
Research and development expenses	6,782	5,848
Shareholders' equity (September 30)	23,812	28,480

Diverse unexpected factors affected our performance in fiscal 2001 – from sharp downturns in a number of industry segments to a general slowdown in the global economy and the threat to growth from terrorism. Although new orders and net income grew 11 percent and 12 percent, respectively, a number of cumulative effects impacted our bottom line. The negative factors included costs of restructuring, special depreciation, and the net loss posted by Infineon. At the same time, earnings from the transfer of Infineon shares to the Siemens Pension Trust in Germany and revenues from various increases in the capital stock issued by Infineon had a positive effect.

A close-up portrait of a woman with dark hair pulled back, wearing glasses and a light-colored top. She is looking directly at the camera with a neutral expression.

We prepare our people for tomorrow's challenges
by providing extensive
training opportunities.

Yinghong Dong joined Siemens' Corporate Personnel Department in Beijing in November 1999, where she is now responsible for recruitment and personnel development for the Automation and Control Groups. She recently attended the first two seminars in the five-part Management Learning Program to prepare for future leadership roles. She is also ambitious in her personal life, and is currently planning a trip to Tibet. Besides travel, her favorite hobby is reading.

Training For Siemens, playing an active role in shaping and driving technological change is essential so as to safeguard and extend its lead in electronics and electrical engineering. One fundamental prerequisite here is a well-qualified employee base – which is why we place special emphasis on providing thorough training and continued education. By making sure our people are equipped to adapt to today's and tomorrow's rapidly changing work environment, we protect not only their career opportunities but also our ability to compete effectively as a company.

The professional training we offer reflects the constantly changing conditions in our working environment. Careers teams comprising experts in training and business devote considerable time and effort to developing and adapting training programs and degree courses to meet the demands of business today. The changes they have helped bring about include the introduction of project-based training, the alignment of training with business needs, the melding of technical and business skill sets, the assignment of employees to other company sites – including foreign locations – for specific training segments, and the tuition of foreign languages.

But that's not all: We're also playing a prominent role in the creation of new types of occupation. The job of microtechnology engineer is a case in point: Given the prevalence of microtechnology in so many sectors of industry, specialists from Siemens, North Tyneside College in the north of England, and the Institute of Light Engineering at Vienna's Technical University teamed up to define and prepare the curriculum for official qualification in this new profession. The first 27 microtechnology engineers completed three-year courses in Regensburg and Dresden, Germany, in the summer of 2001 and embarked on their careers.

The range of training we now offer encompasses apprenticeships and degree courses in preparation for some 35 different occupations in a variety of fields, including business administration, engineer-

ing, and information technology. In fiscal 2001, Siemens trained roughly 13,000 young people worldwide, including over 9,000 in Germany, mainly for technical professions, and our total expenditure on training worldwide ran to around €200 million. In addition, we are also training 2,900 apprentices on behalf of other companies, mainly for jobs in information technology. These trainees come to Siemens for classes in theory and attend practical programs in their own companies.

Degrees with a future

One of the more unique aspects of the training we offer in Germany are our dual degree courses. These replicate the combined system of theory and practice that typifies apprenticeship programs, mixing hands-on, at-work training with regular academic classes in theory. We develop these dual degree courses in direct association with individual universities and colleges. One example here is the new Bachelor of Business Administration course, which additionally incorporates training as an industrial clerk. Co-developed by Siemens and the technical colleges in Berlin and Ingolstadt, the course takes candidates through to a bachelor's degree in just seven semesters. Students taking part receive an indenture and a scholarship from Siemens while they are enrolled in technical college. They complete their practical training during vacations.

Attending one of Germany's five technology academies constitutes an interesting alternative for high

school graduates for whom conventional degree courses seem too lengthy or less geared to practical needs. In just two years they can complete diplomas in industrial engineering. Those academy graduates with pronounced skills in theoretical and abstract thinking can also opt to complete a further four semesters of study to obtain a bachelor's degree.

One hundred and fifty students have now enrolled at Siemens' first IT Consulting Academy, in Paderborn, Germany, although it only opened officially in February 2001. To meet the needs of the rapidly expanding IT sector, Siemens teamed up with the University of Paderborn to create a progressive new type of training that features interlocking academic programs and practical training. Five such degree courses in various technical and business fields are now available. The students receive a scholarship from Siemens for the duration of the course.

Exemplary: Indonesia and Argentina

Outside Germany, Siemens put 3,800 young people in 24 different countries through apprenticeship programs. These were hosted by almost all our Regional Companies in Europe, plus many across Africa, Asia, and North and South America. We also introduced Germany's dual apprenticeship system in a number of countries, including Indonesia: In Cilegon, near Jakarta, we operate a major training center for future generations of technical workers.

We have also teamed up with the local technical university, which specializes in electrical engineering, to train teaching staff in the field of automation systems. Our Cilegon training center is currently preparing over 100 apprentices for careers in industrial electronics, measurement and control technology, mechanical engineering, and mechatronics. Each year, we receive over a thousand applications for places on this program.

The situation is much the same at the Werner von Siemens School in Buenos Aires, Argentina, where around 60 young people are training as communications engineers and technicians. Here, too, we work closely with the university, qualifying its lecturers and students in special courses. At the end of an apprenticeship program with Siemens, apprentices sit a final examination equivalent in standard to Chamber of Industry and Commerce exams in Germany. Both Siemens Indonesia and Siemens Argentina plan to open up their training centers to employees and customers to offer them the opportunity to obtain additional qualifications. Two modular courses on automation technology have been developed for this purpose. The trainers who hold them acquire the requisite knowledge at our training centers in Germany. The universities in Cilegon and in Buenos Aires are certifying the training.

In other countries we have tailored our apprenticeship and training system to specific local requirements. In China, for example, we train roughly 200 young people a year for future careers in technical and business professions; in South Africa, trainees number around 100.

An emphasis on continued education

Our changing work environment calls for flexibility and adaptability in what we think and do. Shifting requirements mean that we can now no longer expect to spend the whole of our lives working in the one profession we learned originally. For all our employees, this means constantly acquiring the new skills and knowledge needed to adapt, as well as

Around the world

Hungary, heads of business administration meet as often as four times a year with prominent experts in various areas of economics

- **Pakistan**, some 1,200 young people each year apply for 50 places on three-year apprenticeship programs in Karachi and Haripur to train as electricians, toolmakers, toolsetters, and other technical trades
- **Lithuania**, all employees are invited to attend English or German language courses
- **Britain**, managers are given the opportunity to obtain a management diploma from Henley University
- **Australia**, Siemens' head office in Bayswater, Melbourne, offers a series of hour-long midday workshops during its annual safety and health week. The courses, which cover motivation training, work organization, career planning, and negotiation skills, have proved so popular with workers that the company now plans to introduce a similar offering at other locations.

assuming independent responsibility for their onward training. Besides the broad range of technical qualifications, the focus is on so-called key qualifications – communication and collaboration skills, entrepreneurial, process-oriented thought and action, skilled and efficient use of electronic media, and the ability to work in an international environment. One indispensable player in our in-house qualification initiatives is our Siemens Qualification and Training (SQT) business unit, which has regional offices in four countries: China, the U.S., Portugal, and France. Over the past fiscal year, more than 100,000 people attended SQT seminars on a variety of subjects, including international business skills, multimedia applications, leadership skills, and methodology. In addition, Siemens' Regional Companies and Groups in every country run seminars of their own geared specifically to their individual needs.

One important element in our overall qualification agenda is our five-part Management Learning Program, which serves to groom candidates for key managerial and leadership roles. To date, seminars of this kind have been held in Turkey, Taiwan, Thailand, Saudi Arabia, Russia, Singapore, Indonesia, Hungary, China, and South Africa. Given that transformation and restructuring will remain part of everyday company life in the years ahead, leaders attend seminars on change management covering a range of relevant issues, including how better to take

into account employee needs in times of change. We have also developed a special coaching, training, and counseling package for those employees sent as delegates to foreign countries so as to ready them specifically for international management tasks.

The main points of emphasis in our continued education offering today are the Internet and the corporate intranet. In an e-company, buying and selling over the Internet, networked communication with customers, partners, and suppliers, and active use of the intranet to coordinate internal processes are all things that employees should be able to do as a matter of course. We term this "e-readiness." With this in mind, we developed Netracer, a basic online training package designed to impart those fundamental e-business skills that everyone should have. Information kiosks are being installed for production site workers to help them familiarize themselves with the new medium. Management can work with a web-based training program, "From Siemens to e-Siemens," created to help our 60,000 or more management-level employees – even those without any prior skills or knowledge – to prepare for the introduction of e-business on a company-wide scale. Another training program, "Fit for Mobile," was developed specially to accommodate the needs of the Information and Communication Mobile Group. □

Yinghong Dong began working for Siemens Beijing in 1997 having studied German and Neurolinguistics in Shanghai and Erlangen. She initially worked as an assistant to the director of the Siemens Management Institute for two years before assuming responsibility for the coordination of the Management Learning Program, recruitment, human resources marketing,





Employee diversity enriches our
corporate culture.

Mike Mahuma joined Siemens in Johannesburg in 1973 when he finished high school. In eight years he rose through the ranks from junior commercial clerk to commercial officer, a post with wide-ranging responsibilities. During this period, he benefited from the company's Affirmative Action Policy, instituted with the goal of advancing formerly disenfranchised segments of the population. Mike took part in a number of qualification programs, including the very first round of business administration training to be attended by both Blacks and Whites.

Diversity is about celebrating those unique differences – cultural background, religion, gender, nationality, skin color, and age – that make each of us so individual. As a global, networked company, we thrive on the diversity of our employees, their talents and their skills. Mutual tolerance and respect in our dealings with one another are essential to successful collaboration and, by extension, our ability as a company to compete effectively in the long term. That's why we're taking active steps to promote them.

To help attain our goal, we codified our Guiding Principles for Promoting and Managing Diversity. We bring these principles to life all over the world by adapting them to the needs prevalent in individual countries and communities. Promoting and achieving diversity features prominently both in Siemens' style of management and leadership and our management training programs. In countries like the United States or Britain, which, for historical reasons, have ethnically diverse populations, we established equal opportunity policies many years ago that enshrine the principles of equality within the company.

In the U.S., Siemens has launched the Diversity Strategic Initiative, a five-year scheme aimed at capitalizing on the country's social diversity. The Siemens companies are committed to becoming truly discrimination-free, multicultural organizations where all employees have the freedom to develop their own distinct abilities. Managers are also trained to create diverse teams and foster environments where diversity can flourish. The aim is to make Siemens an employer of choice for all ethnic and racial groups. In order to provide talented young people from ethnic minorities with access to higher positions in business, politics and society at large, Siemens supports two independent organizations in particular: INROADS and NACME*. INROADS is currently assisting approximately 6,000 university and college students with special courses, internships and continuous academic support and counseling. Sponsor firms like Siemens offer internships, provide employees as

advisors, and support INROADS financially. Siemens employs numerous interns from this organization – 34 at the moment – of whom 60 percent are usually employed by the company once the training is complete. The aim of NACME is to increase the proportion of African American, Asian and Latino students studying for technical, mathematical, and engineering qualifications by means of special support programs. Siemens has been supporting NACME since 1998 with funding and internships.

Siemens is also aware of the potential of South Africa's Black majority. In the 1970s, we developed a strategy to promote our Black colleagues' participation in the country's economic development. Our Affirmative Action Policy is designed to proactively nurture indi-

Overcoming disabilities

In Austria, Siemens is operating a highly successful qualification program for the blind and the severely visually impaired. Recognizing that information and communication technology offered exceptional opportunities for integration and employment, the company designed IT seminars centered on creating specialty applications and programs in the fields of networking and internet computing (www.blind-e.at). Thirteen visually impaired people can take part in the 15-month program, which greatly enhances their career opportunities. The training is provided under contract from the federal social welfare office and is financed by the European Social Fund. Siemens and the federal social office later help program graduates to find suitable employment. It was only recently that a major breakthrough in Internet usability was achieved for the visually impaired: Computer scientist Klaus-Dieter Wegge, himself blind, wrote software capable of converting information on the World Wide Web into Braille and rendering it as synthetic speech.

* National Action Council for Minorities in Engineering, Inc.

vidual skills, leading to the empowerment of employees from previously disadvantaged backgrounds. This policy follows the guidelines set out in the government's Employment Equity Act. The program's goal is the early recognition and fostering of the leadership potential among Siemens employees. Previously disadvantaged groups currently fill 30 percent of positions at middle or senior management level. In the next five years this figure should increase to nearly 50 percent in South Africa. We are regularly monitoring the program's effectiveness. Additionally, Siemens offers a continuing education program to all employees wishing to improve their mathematical, reading, writing and PC skills.

Creating equal opportunities

Making up for the educational deficiencies in employees is an important part of our qualification initiatives. Moreover, we're currently helping provide all population groups with equal access to gainful employment. In South Africa, we've started several equal opportunity projects of our own as well as partnering with other similar projects. For example, one of our projects supports newspaper publishers in a current educational campaign in which periodical supplements covering subjects such as the natural sciences, mathematics, accounting and English are being made available for school instruction or at-home study. As part of our outreach project Youth Space, we are currently providing food, clothing, shelter and education for nine street children from Johannesburg. In yet another project we equip schools with books and other learning aids.

Through its Empowerment Policy, Siemens is assisting interested ex-employees in starting their own businesses. The formation of Seyiko Transport Ltd., which now has 20 employees, came about as a result of this policy. By 2002, we intend to reach our goal of sourcing 40 percent of all local procurement from such "empowerment companies." And in cooperation with the Action Foundation, whose task it is to provide people with work and a livelihood, we've installed a bakery. Set up for the disabled community, the bakery employs ten people, the majority of whom are blind or visually impaired.

In China we are concentrating on schooling for the children of the Bulang people. The Bulang are one of China's 56 ethnic minorities. They live in a remote mountainous area in the western part of Yunnan Province. Because of the geographical situation, the Yunnan's home region can only be reached with difficulty, so that everyday supplies and education are severely restricted. Siemens Automation and Drives is sponsoring the refurbishment of a primary school attended by 60 children. Siemens is also helping build a primary school in the autonomous region inhabited by the Lu Quan Yi and Miao minorities.

Advancing women

Creativity, problem-solving skills, and leadership are not abilities unique to men, and promoting gender diversity can only strengthen and enrich our organization. As a company, we recognize that we need women in technical and managerial posts, too. But in spite of the realization, reality still has a way to catch up, particularly in Germany, where women make up 25 percent of Siemens' labor force yet hold just seven percent of the engineering jobs. Women also occupy just 6.4 percent of managerial positions.

This is why we're driving forward a variant form of our Promoting Diversity project that aims to improve women's work situations and opportunities within Siemens. The project's two most important objectives are to increase substantially the number of women at all levels throughout the corporate hierarchy during

Teaching tolerance

At Siemens we believe in cultivating a working environment where people from different nations and cultural backgrounds can work together in harmony and without prejudice. We also consider it our duty to promote similar tolerance and understanding outside the company. This is why we elected to support K.I.D.S. – Creativity in Schools, a project currently in progress at several schools in Berlin and Munich with a high proportion of foreign nationals, launched with the aim of overcoming cultural barriers and breaking down aggression. We are also one of the founding members of Step21, a nationwide youth initiative launched in 1998 with the aim of promoting tolerance, responsibility, civic courage and volunteerism among young people (www.step21.de).

the next few years and to encourage and support as many young women as possible in taking up a technical profession.

We have plenty lined up with a view to generating interest in technology among a larger number of young women: Beginning in 2002, one in two scholarships we award each year will go to women, and we are stepping up the number of women in our student and graduate programs. We are also supporting femtech, an initiative launched by Berlin's Technical University, which, in association with several international companies, is developing and testing an innovative qualification program in natural and engineering sciences for women with leadership potential.

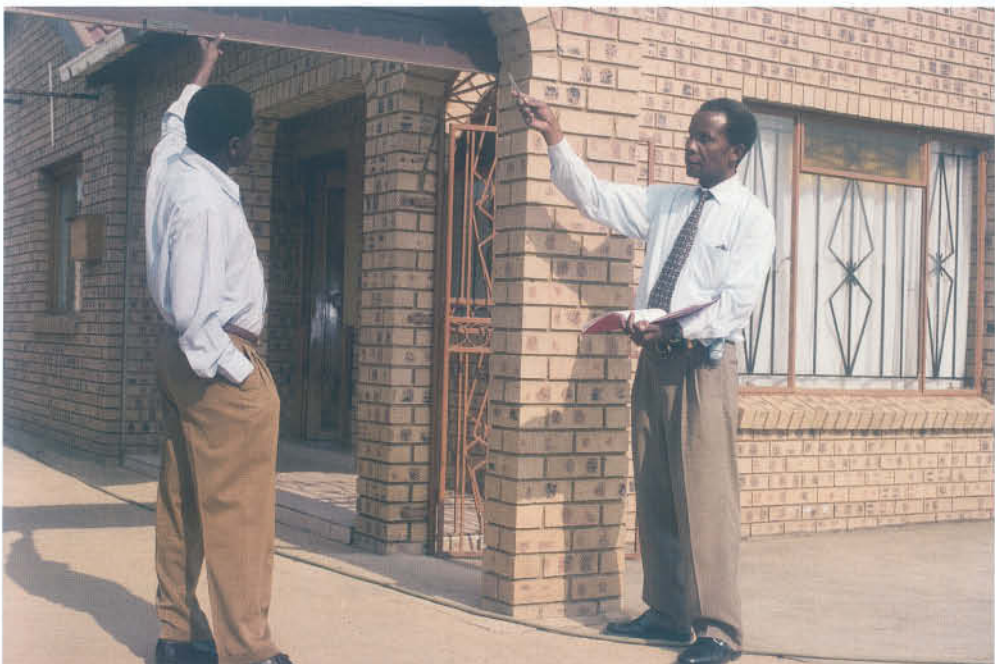
Employees at many Siemens locations and operating units have prepared and implemented a variety of initiatives designed to turn wariness of technology among young women into curiosity and interest. These initiatives range from information days and women-only courses in computing to outdoor training and technical adventure camps. The latter have been a permanent fixture at Siemens for ten years now and have proven enormously successful. Moreover, we intend to guide and support 100 high school graduates each year as they progress through technology degrees.

In our human resources development work within Siemens, we focus particularly on women and pay special attention to helping our younger employees of both genders balance work-life with raising a family.

Since 1988, Mike Mahuma has also managed Siemens South Africa's social fund. His responsibilities include running a company program that helps employees purchase their own homes. Mike not only assists by arranging loans on favorable terms, he also oversees the con-

In part, this will include offering extensive options for working flexible hours, promoting telecommuting, and helping organize professional help with child-minding. Managers and employees in a number of company units have already begun making this happen and are developing need-driven schemes designed to advance women and promote their interests within the Siemens Groups. Siemens Qualification and Training (SQT), too, offers a range of seminars to support personal development planning for career-oriented women in the company.

We have also implemented measures in other countries with the goal of addressing women's interests. In Brazil, for example, our priority for over a year now has been on advancing and recruiting women for jobs of all kinds, including managerial posts. We are also actively supporting women's interests in Pakistan. Here various organizations have been founded to improve the situation of women, and we are working with them in a number of areas, in part with a view to combating poverty in the country by educating women. The same means, we hope, will also help overcome centuries-old resistance to women pursuing careers. In Pakistan, Siemens is setting an example by treating men and women equally: They work on an equal footing in an open atmosphere, free of prejudice, and enjoy the same career opportunities. □





Motivated employees drive
our success.

Hilde Vangelabbeek works for Siemens in Brussels. She's responsible for the business administration side of the Industrial Services Division's on-call and maintenance services. Three years ago, Hilde, a mother of three, made arrangements with the company to reduce her weekly working hours by 20 percent. This has helped her to balance work and family life better, but she still finds little time to pursue her hobby of garden design.

Employee-oriented policies We strive to promote a corporate culture that builds motivation, encourages excellence, and helps our people expand their knowledge. Providing a safe and healthy work environment naturally has top priority. But we also do a whole lot more to help our employees where we can – with continued education offerings, sport and leisure activities, assistance in everyday family life, and provisions for old age.

The secret to remaining successful in the long term is not solely about the company's vision or its bottom line, it's also about building a corporate culture that fosters the passion and loyalty of our employees.

Health and safety provisions

All over the world, health and safety are priority issues. After all, to continue competing effectively as a global company, we're reliant on a committed, creative and dependable workforce, and that means making sure our people are healthy and able to perform to the best of their abilities. That's why we provide our employees the world over with skilled medical supervision.

In Germany alone, we have 80 works medical officers and 200 trained healthcare personnel. Besides maintaining on-campus medical staff and providing emergency care, our range of medical services includes counseling and advice – for example, on setting up your workspace – checkups, and healthcare information. In addition to personal health counseling, employees can also attend three-day health maintenance seminars where they learn how to take an active and independently responsible approach to safeguarding their health. Siemens also runs three-week convalescent programs at which attendees learn how to get into better physical shape and improve their overall wellness through exercise, relaxation, and a balanced diet. At many company locations, healthcare working groups staffed by plant managers, plant medical officers, industrial safety specialists, and works council officials also run their own on-site safety and health projects.

A random survey of 20 Siemens Regional Companies in Europe, Asia, and North and South America confirmed that their medical officers, safety experts, and auxiliary personnel were all actively involved in measures to promote health and safety. Mostly these people are Siemens employees, but some are outside specialists and doctors who provide their services on a contractual basis.

Siemens Netherlands, for example, has declared war on "the weed": Anyone eager to quit smoking can count on all kinds of support, including counseling from the plant medical officer, a hypnosis-assisted withdrawal program, medication, and acupuncture. Some 400 employees were encouraged to stop smoking at a special motivational event. In China, all our employees can obtain inoculation against hepatitis at our expense. Siemens also offers workers assistance with medical insurance. Via the Internet and video, as well as through lectures and discussions, plant medical officers at Siemens Brazil provide employees with information on proper nutrition, smoking and its attendant risks, cardiovascular disease and cancer, and tips on prevention. Siemens Argentina operates a scheme to provide financial assistance to employees taking out supplementary private medical insurance. Siemens also pays for full medical cover for students attending the company's own technical school.

Throughout the Siemens companies, we carefully record details of any accident that occurs so as to make continuous improvements and maintain high safety standards. In Germany, some 300 full-time industrial safety

specialists and 5,000 industrial safety officers have helped ensure that the number of accidents in the company has decreased consistently in recent years. On average, there are currently 4.7 work accidents per thousand Siemens AG employees a year (specifically, accidents at, as well as on the way to and from, work) compared to 20.6 in the industry as a whole.

In Britain, special one-week training courses and information drives are held annually to raise awareness of health and safety issues. Siemens Building Technologies in Switzerland carried out detailed analysis of the causes of accidents and developed a program for accident avoidance. In part, this included advanced driving instruction for service engineers, risk analyses for buildings, fire and safety checks, and first-aid programs. In Vietnam, motorcycles and scooters are an important form of motor transport, but statistics show that they are also involved in 60 percent of all road traffic accidents. Since almost all of Siemens' 250 employees there travel to and from work on motorbikes or scooters, the company has equipped them with motorcycle helmets. In the U.S., Siemens VDO introduced the Savings in Safety program. It demonstrates that investing in industrial safety and helping reduce the number of accidents has a positive impact on costs.

Sports and leisure offerings

Many company employees, their families, and retirees are members of a Siemens leisure activities group. Siemens supports and encourages sports and leisure activities in a wide variety of ways, including access to company sports facilities at major locations, financial assistance for local sports clubs, and the provision of rooms for use by local film and photo clubs, theatrical groups, orchestras, and the like.

Siemens Thailand, for example, runs its own football club, the Football Club of Siemens Ltd. It has 35 members from all Groups, and it's immensely successful. This year, the Siemens team topped the Farang League, made up of club sides fielded by a number of international companies with regional offices in Thailand, to win the championship for a second straight year.

Balancing work and home life

Our employees' commitment, motivation, and performance depend on a range of factors, one of which is their success in creating a balance between their job and their personal life. We are therefore keen to promote a corporate culture in which family issues are taken seriously. Given the advent of e-business, Peter Pribilla, head of our Corporate Personnel Department, has even entertained the possibility of starting to use the corporate intranet as a platform for offering services designed to help people organize their private life. This initiative could introduce significant benefits for many of our employees.

The company offers a broad choice of models to help our people adjust their work hours to align with their personal and individual needs. These range from working shorter daily hours to taking work-free months. Moreover, we do not view the fulfillment of a managerial role and part-time working as being mutually exclusive. Siemens also considers telecommuting to be an innovative approach to work that will become increasingly common with time, affording people greater latitude to choose when and where they work and successfully balance their own needs with those of the company and customers.

So as to help better combine professional and family life, we work in many countries with independent agencies specializing in advising on, and organizing, childcare. As a rule, Siemens takes care of the counseling and referral fees, while the employee pays for the actual care. In Belgium, for example, qualified nurses are available to take care of sick children.

In Vienna, Siemens runs its own kindergartens at its three largest locations, built partly at Siemens Austria's expense and partly with government assistance. A professional operator takes care of the day-to-day-running, and the service is self-financing. The Siemens canteen supplies meals for the children. Employees with Siemens Australia who run into difficulties in their jobs or in their private lives can call an emergency support line operated as part of the Employee Assistance Program.

The phone line is staffed by independent, non-Siemens professionals who offer advice and practical assistance to those seeking help.

Provisions for later life

In Germany, the company pension, which today supplements the statutory pension insurance scheme and private life insurance, was first introduced by Siemens in 1872. Similar schemes are in place in over 30 countries in a variety of forms, depending on the local regulatory framework. In the Philippines, for example, retired employees of Siemens Building Technologies AG continue to receive part of their basic salary. In Germany, over 130,000 company pensions are paid out each month, with around three-quarters going to former employees and a quarter to surviving dependents; 1.4 percent of the cash transfers are to accounts outside Germany's borders to recipients who have moved, or returned, abroad. In fiscal 2001, Siemens AG and Siemens Altersfürsorge paid out some €544 million in retirement pensions.

Special stock options

Employee shares are part of the way in which Siemens enables its people to share in the company's profits. By awarding them, the company demonstrates its recognition of the employees' contribution to its success, as well as encouraging identification with the company's goals. For this reason, we have been granting share options to employees since 1969. In the light of our outstanding result in fiscal 2000, Siemens decided to offer shares to all its employees worldwide in a special program.

With a job of work to do and three children to look after, including one-year-old Anouk here, Hilde Vangelabbeek has a packed schedule. Until recently, pressures would really mount if one of the children suddenly fell sick and she was forced to spend a day at home. If the same happens these days, she can call one of the childcare services referred to her by Siemens, and the company carries half of

Given the marked differences in the legal, regulatory, and administrative frameworks from one country to the next, it unfortunately proved impossible to offer shares to employees in all countries in which we operate. In cases where we were unable to do so, we took recourse to other options, including paying subsidies into pension funds and setting up new works social funds so as to be able to offer employees favorable loans – say, to finance property purchases or their children's education. In spite of the obstacles, we were able to go ahead with the special shares program in 32 countries, an initiative that set a benchmark and a best-practice example, and gained widespread recognition among human resources and financial specialists. Known as the Let's Share project, it was financed to the tune of €600 million by Siemens. Around 80 percent of the employees whom the company approached with the offer chose to take part. As a result, almost 240,000 Siemens employees received a total volume of around 6.6 million company shares.

Siemens' care of its employees has many facets and varies extensively in the forms it takes from one country to the next. Two cases in point: In Pakistan, for example, lunches served to employees in the canteen are free. And at Siemens Building Technologies AG in the Philippines, each of the 120 full employees receives a generous basket of foods every year at Christmas, a seasonal gesture that has always been extremely popular. □



A close-up portrait of Alphons N. Müggler, a middle-aged man with light brown hair and a grey beard, smiling slightly. He is wearing a dark blue suit jacket, a white shirt, and a red and white patterned tie. The background consists of horizontal wooden slats, possibly from a window blind, creating a warm, textured backdrop.

We gain new perspectives through
dialogue with the community.

Alphons N. Müggler has served as Switzerland's consul general in Bavaria since June 2000. He previously held the same office in Houston, Texas, for five years. Since he began working in Munich, he has been a regular visitor to exhibitions, lectures, and discussion groups at the SiemensForum. He's particularly interested in topics with a strong human relevance – like our exhibition on product design.

Dialogue Active social responsibility calls for dialogue with the public. We seek constantly to communicate with groups and communities who have special relationships with our company, including the general public, political groups, forums and associations, and non-governmental organizations (NGOs). We take our stakeholders' ideas and opinions seriously, drawing on them as a constant source of inspiration and an opportunity to challenge our own beliefs.

Dialogue with society at large ...

In our view, building a better future begins with dialogue. Always interested in debating issues affecting society, we use the SiemensForums in Berlin, Erlangen, Munich, Vienna, and Zurich as platforms for an exchange of opinions and competing ideas. Some 200,000 guests visited the Forums during the course of last year. Some came to see our exhibitions on various topics, including The Internet Economy, Change in Industry, and The City of the Future. Others attended conferences and discussion groups organized to debate such issues as money-market ethics and the impact of e-business on society. Companies' social responsibility, too, was a focal topic at the Forums. At the SiemensForum in Berlin, for example, Otto Graf Lambsdorff reported on the long and difficult road to obtaining compensation for those formerly in forced labor under the national-socialist regime.

One of the highlights on the calendar at the Siemens Forum in Vienna is the presentation of the Siemens Life Award. The prize is given to prominent international personalities in recognition of their exceptional achievements. The occasion includes a Q&A session in the SiemensForum's Academy of Life, where the award-winner is quizzed by young managers and businesspeople – mainly about his or her personal strategies for success. Past recipients of the award include former German chancellor Helmut Schmidt and Karlheinz Böhm, founder of the aid agency *Menschen für Menschen*.

For a Day of Unity event in Mainz, Germany, Siemens put up a large corporate citizenship theme tent showcasing a number of important projects. These included Youth and Knowledge, Computers Make Life Easier, Switch, the construction of a children's village in the Czech Republic by Siemens employees, and our plans and strategies for promoting sustainable development. The 500 or more visitors showed particular interest in education and training opportunities with Siemens, as well as enjoying an information film and a chance to try their luck in a prize draw.

Siemens also seeks to engage society at large in dialogue through other locations besides its Forums. Many plants and Regional Offices regularly issue invitations to important local opinion-leaders to attend lectures at which they can discuss current issues with experts in various fields. We also communicate actively with our neighbors at our locations around the world, holding regular open house days to which we invite not just our employees and their families but also our neighbors and local school classes. At Hofmannstrasse in Munich, Germany – our largest facility in the world, with a workforce of 16,000 – we are currently involved in remodeling a whole city district. The plan is to create an open corporate campus here that unites working, living and recreational facilities, all in a single location. Our youngest employees, too, engage actively in encouraging dialogue: Siemens vocational trainees in Erlangen, Germany, prepared a special day-long event with a varied and extensive program to which they invited 100 young people with speech and hearing impediments.

... with politicians ...

Siemens communicates actively with political representatives so as to ensure they are aware of the interests and focal issues of the business community. One especially notable event took place in April 2001 at the SiemensForum in Munich: a special conference titled "Corporate Citizenship – Initiatives in the Community – Entrepreneurial Benefits," attended by prominent members of Germany's political, business and social communities, including Chancellor Gerhard Schröder, Siemens president and chief executive officer Dr. Heinrich v. Pierer, Professor Klaus Schwab of the World Economic Forum, and Federation of German Industry president Michael Rogowski.

Primarily in Germany, we regularly organize information evenings and discussions for members of parliament from all democratic parties. These events offer an opportunity for an intensive exchange on company-relevant and economic topics. We also seek to promote an exchange of opinions at EU level. Siemens plays an active role in the Politics – Church – Industry working group, too, where leading decision-makers meet for regular discussions. As well as contributing expert information in specialty fields, we are currently also fulfilling the role of spokesperson. Members share information on long-term tasks in society and provide mutual assistance. The main discussion topics at the moment include the concept of a citizens' society and the balancing of work life and home life.

In the United States, we are involved in a political dialogue with both houses of Congress in Washington as well as many federal states. We also take numerous opportunities to address important issues with electoral representatives. Our work in German and international associations, too, frequently involves meeting with political representatives. Siemens expressly endorses active employee participation in politics, be it through taking on political mandates or volunteering for honorary posts. A binding regulation has been in place at Siemens since 1975 that makes it easier for our employees to combine their job with their political

duties. One of the options open to them is a paid release from employment. More than 500 of our people in Germany also hold some form of political office. This regulation governing elected representatives is widely regarded as exemplary and also applies in European countries other than Germany.

... in forums and associations ...

Siemens plays an important role in numerous committees, associations and organizations dedicated to promoting sustainability in business, society and the environment. For example, we're a member of "econsense – Forum for Sustainability", formed in 2000 by the Federation of German Industry (BDI). This involves working in several project groups, including one focusing on sustainability issues surrounding product manufacture and consumer buying. Within Siemens, too, we have set up an internationally oriented sustainability

Networking with organizations around the world

Examples of our involvement: **Copenhagen Centre:** An autonomous international institution, the centre seeks to strengthen social cohesion by promoting collaboration between governments and the business community (www.copenhagencentre.org) • **International Chamber of Commerce, Business and Society working group:** The voice of private enterprise, it communicates the business community's stances on social responsibility to national governments • **Global Reporting Initiative:** Its goal is to create globally applicable reporting recommendations for businesses' and organizations' economic, environmental and social performance (www.globalreporting.org) • **econsense – Forum for Sustainable Development:** A platform for discussing German industry's tasks and opportunities in the area of sustainability with politicians, non-governmental organizations, the scientific community, and the general public (www.econsense.de/en) • **German Business Ethics Network:** This initiative seeks to foster an open exchange of views on all issues of business ethics and to promote ethical conduct in business (www.eben.org) • **Transparency International:** A globally active NGO dedicated to combating corruption (www.transparency.org) • **Center for Corporate Citizenship at Boston College:** The college offers training programs, consulting, surveys and comparative analyses to assist 350 leading companies in achieving high standards of corporate citizenship (www.bc.edu/bc_org/avp/icsom/cccl/index.html) • **German Business Group for Sustainable Development (China):** This group promotes collaboration between governments, industry, and organizations in Germany and China in environmental protection and resource-conserving urban development (www.siemens.de/china/en/introduction/citizenship/engagement.html)

strategy council to define our own sustainability roadmap (www.siemens.com/sustainability). We have also joined the World Economic Forum as a strategic partner. Experts and executives from Siemens regularly attend WEF conferences and play an active role in its working groups. For example, we are taking part in the Global Digital Divide Initiative, created with the goal of making Internet access available to as many people worldwide as possible.

In Beijing, we are involved in the International Business Leaders Advisory Council for the Mayor of Beijing, plus we lent our support to the International Urban Environment and Sustainable Development Conference, held in Shanghai to discuss issues of sustainable urban development, energy policy, transport policy, and the water supply. Siemens is also a member of the European Round Table (ERT), a body comprising several major European industrial corporations, which serves as a lobby group to raise awareness of business community interests at the European Commission and among national governments. We also work on committees within the ERT that focus on social and community issues.

For Siemens, the OECD guidelines for multinational enterprises constitute important principles that govern the way we do business all over the world.

... with non-governmental organizations

By virtue of our size and the breadth of our activities, we draw considerable attention from many NGOs, and we view this as an opportunity for constructive and measured dialogue. This is why we play an active role in Transparency International, a well-known and globally active NGO dedicated to combating corruption. With our Business Conduct Guidelines, we have created a globally binding set of rules that applies to all employees. These rules are intended to help ensure fair and corruption-free competition.

Members of our Sustainability Strategy Council make a sizeable and significant contribution to the Global Reporting Initiative – a network of companies, research institutions, and environmental and charitable organizations – by taking an active part in several of its working groups. This NGO has set itself the goal of creating a globally applicable set of recommendations for sustainability reporting. Its guidelines for 2000 contain key indicators for sustainable development based on environment-related, economic and social performance.

Other prominent examples of our dialogue with NGOs include our collaboration with the German Business Ethics Network, the European Business Ethics Network, and the International Society of Business, Economics and Ethics. In addition, we welcome dialogue with people who wish to engage in a critical exchange. For this reason, we actively seek contact with the initiators of boycotts and critics of globalization. □





We work with schools and universities
to create a better future.

César Beltrán Correa is studying engineering science at the University of Chile in Santiago. His excellent academic performance during his first year of study earned him a scholarship from our Regional Company in Chile for the remainder of his degree. Since 1998, the company has actively supported exceptional students, picking two each year who receive financial support for the whole of their period of study. Siemens pays the tuition fees as well as the basic costs of living.

Learning and research As a leading technology company, we collaborate closely with schools, colleges and universities, because we rely on up-and-coming generations for new ideas and inspiration. We work to promote interaction between research and industry. We aim to generate an interest in science and technology among young people the world over, and we strive to advance the best and the brightest.

The once traditional image of the researcher as a solitary, working in isolation has long since lost all relevance. Today, research is about teamwork, networked thinking, and the sharing of knowledge.

A commitment to higher education

We offer extensive support to a wide range of college and university projects around the world. One such project is LAOTSE, an exchange program involving Munich's technical university and the universities in Singapore, Hong Kong, Bangkok, and Bandung (Indonesia), which helps advance particularly meritorious students and exceptional lecturers. Thanks to the program, participants have an opportunity to study at partner universities without having to pay tuition fees. Siemens also offers participating students a chance to spend an internship of between four and six months with the company.

In Germany, we sent out over 350 Siemens employees to work as lecturers to promote good relations between the company and academic research institutions. Our people not only contribute by making their technical knowledge available in the courses and seminars they teach, they also serve as role models, showing the importance of social competency, adaptive thinking, and an openness toward other cultures – all values that are of immense importance to us as a company.

Underway since 1997, our Youth and Knowledge program (www.siemens.de/knowledge-zone/en) seeks to promote collaboration with universities and colleges outside Germany. This mostly takes place in a context

of international student exchanges. We concentrate in particular on supporting the engineering sciences and the technically oriented natural sciences. Students qualifying for the program receive scholarships to enable them to spend a semester in a foreign country, as well as the opportunity to complete an internship with Siemens in the country they visit. Our activities in this area focus especially on universities and colleges in Asia, Eastern Europe, and Latin America, as well as on developing master's degree courses in Germany. During the past fiscal year alone, we awarded scholarships for master's degrees to 72 students from China, Thailand, Malaysia, India, Vietnam, Mexico, Argentina, Brazil, Russia, Hungary, Estonia, and Poland. Our international Siemens Student Program (SSP), too, offers participants the opportunity to acquire practical experience through an internship with the company. Through the SSP, we are currently helping more than 700 students worldwide (www.siemens.de/en/career).

Networking research

To strengthen our partnerships with universities around the world, we have begun setting up a cross-border collaborative association known as the Knowledge Interchange Network (KIN). The purpose of this new strategic alliance is to encourage systematic knowledge sharing between universities and companies so as to develop and market pace-setting technologies. Likewise important to us is the nurturing of up-and-coming young talent in the academic sphere. Our Centers of Knowledge Interchange (CKI) seek to bring together those people on both sides whose knowledge and ideas

could benefit one another the most. Those involved begin by obtaining an overview of the knowledge available and then proceed to define the scope of the knowledge that needs to be acquired and further developed, before entering into joint projects with partners. We laid the foundations for the Knowledge Interchange Network by setting up a CKI at the Multi Media University in Kuala Lumpur in January 2001 and at Munich's technical university in July 2001. We have also been running a highly successful pilot project with the technical university in Berlin since April 1998.

Our partnership with Centro Federal de Educação Tecnológica (Cefet), a Brazilian research and education institution, is another example of successful collaboration in the area of research. In a long-standing partnership that began in 1970, we have completed a number of joint projects and courses in the fields of engineering and communications science. We also help support six research laboratories.

Back to school

A sound education does not begin with college or university. Our aim is therefore to help give students in schools the best possible grounding, particularly in economics, the natural sciences, and technical subjects. We have committed to spending a total €12 million on advancing school education over a five-year period. The Join Multimedia competition is part of our Youth and Knowledge program. We chose the competition's assignment – to create an informative and entertaining multimedia show on the computer – in an effort to rouse interest in new technologies among students aged between 12 and 24 years. The competition was held in Germany, France, Russia and the Czech Republic in fiscal 2001. The number of entries received – from 34,000 students in more than 3,000 schools – demonstrates that our competition succeeded in achieving its goal.

Siemens is a founder member and sponsor of D21, an initiative launched in 1999 that now comprises 180 companies and organizations across Germany (www.initiated21.de). Together with federal and state government representatives, the initiative works

to develop strategies to ready Germany for the information age and to encourage an enthusiasm for information and communication technology among younger generations. Siemens employees play an active role in all of D21's committees and working groups, and over 650 of our people are acting as ambassadors, visiting schools to inform teachers, students and parents about the possibilities that information technology offers. One example of D21's work is the Intel initiative Teaching for the Future, which Siemens and Fujitsu Siemens Computers supported by providing the infrastructure used to train teaching staff. Almost 90,000 teachers have now taken part in the one-week program.

Siemens supports MINT-EC, a nonprofit organization dedicated to establishing centers of excellence for mathematics and science in schools by aligning tuition to practical, real-life requirements and making targeted improvements to the way math, computing and science are taught. To support these efforts, Siemens sponsors a prize for those schools that step up their collaboration with commercial enterprise, include information and

Around the world

Israel, a group of 25 students from the autonomous Palestinian territories and Israel completed a joint IT training project in Hamburg, Germany • **Vietnam**, together with *Gesellschaft für technische Zusammenarbeit (GTZ)*, Siemens set up a training center specializing in control systems • **Switzerland**, we helped sponsor the Festival of Knowledge, an event at which researchers could showcase their work • **Kazakhstan**, Siemens and the Kazakh national technical university opened a new training center for automation and drive technology • **Egypt**, we sponsored the Hosni Mubarak Grammar School to promote foreign-language learning • **Pakistan**, Siemens offers an annual scholarship to exceptionally promising medical students to attend degree courses at the prestigious Agha Khan University • **Australia**, during The Siemens Science Experience, a three-day workshop for students, a number of universities open up their laboratories to offer a glimpse of their current project work • **Denmark**, using components donated by Siemens, students at Denmark's technical university built GuideBot, a robot • **Norway**, Siemens provides partner schools with donations of technical equipment • **Britain**, as part of the Adopt a School initiative, Siemens employees give pupils of the Greenwood Dales School one-to-one coaching to improve numeracy and literacy • **Japan**, Siemens supports medical research at the University of Hokkaido • **Slovakia**, Siemens Days are held at a number of universities

communication technology as part of their curriculum, and make special efforts to foster interest in math, IT, science, and technology among female students. The top three schools stand to win prizes worth a total €30,000.

One prerequisite for a sound school education is the quality and level of motivation of the teaching staff. More than ever, teachers today need constantly to widen their knowledge, because the demands placed by work life on education are changing continually. This is why we launched ZuWAS in Germany, an onward education program for teachers that focuses on economics, work life and school. The program aims to give them the necessary grounding in technology, economics and politics, as well as homing in on important social issues. In the Philippines, we offered 32 teachers from 17 schools whose students' exam performance was well below par the opportunity to take part in a continuing education program – offered in association with the University of the Philippines in Manila – to help them improve and extend their knowledge of mathematics and the sciences.

Foundations and scholarships

Many of Siemens' Regional Companies are also engaged in efforts to promote learning and research. The Siemens Foundation in the United States, for example, is dedicated to advancing science and technology in schools. One of the ways it does this is to hold an annual, countrywide competition for high school students, the Siemens Westinghouse Science and Technology Award (www.siemens-foundation.org), the winners of which receive university scholarships. The students' achievements are exceptional: This year's winner,

Mariangela Lisanti, won a scholarship worth US\$100,000. She built equipment to measure the electrical conductivity of nanowires. With this landmark achievement, she brought us a major step closer to creating nanochips, a future generation of semiconductors with structures just nanometers in size.

In Argentina, the Fundación Ingenium supports educational institutions with cash grants and donations of equipment, such as personal computers, to help advance education in schools, colleges and universities. Since 1999, Siemens has awarded ten scholarships in Russia to Lyceum students at the Ioffe Institute of the Russian Academy of the Sciences, plus two scholarships to institute graduates for degree courses in Germany. In Australia, the Siemens Prize for Innovation is awarded to students of electrical engineering, communication technology and information technology. The winners each receive a scholarship that they can use to continue their studies or spend time overseas.

The goal of the Carl Friedrich von Siemens Foundation, based in Munich and set up in 1958 by Ernst von Siemens, is to promote and advance the sciences. Above all, the Foundation seeks to foster the exchange of ideas among members of the scientific community, places of higher education, and research institutions through the events and lecture series it organizes. □

Twenty-two-year-old César Beltrán Correa is a diligent student. To relax from his studies, he enjoys watching television or browsing the shelves of





Our community initiatives help improve
the lives of many people.

"Working for a company that takes social responsibility seriously gives many of our colleagues a great sense of pride and fills them with enthusiasm," says Gabriele Estill, community relations manager with Siemens Information and Communication Networks in the U.S. By that she doesn't so much mean the company's cash and goods donations but the citizenship initiatives undertaken by employees. Under Gabriele's guidance, coworkers willingly devote time and energy to a variety of projects, collecting and distributing food and clothing, giving blood, helping build and renovate houses, and much more besides.

Public welfare We like to focus our community initiatives on certain key issues – on educating and training young people, for example. We consider this to be the best means of improving the lot of disadvantaged sections of the population, particularly in less-developed countries and regions. In addition, we place high priority on responding quickly and effectively when acute need or emergencies arise. Plus, we believe in aligning our efforts with specific local needs.

To supervise the extension of Siemens' social commitment in the U.S., we have created a corporate citizenship advisory council that includes representatives from all major Siemens companies. This group provides recommendations on the direction and policies that guide Siemens' contributions and community activities relating to our support of education and learning, employee involvement, community relations and national program partnerships. The Siemens Foundation continues its support of the prestigious Siemens Westinghouse Science and Technology Competition.

Employees across all our U.S. companies support local activities as diverse as community health and welfare campaigns, blood drives, and mentoring at-risk youth. Teams of Siemens employee volunteers participate in programs that encourage youth interest in technology and business through the FIRST Robotics Competition and Junior Achievement. In the fall of 2001, several Siemens companies and business units participated in the pilot launch of Siemens Caring Hands, a program designed to encourage employees across the company to become involved in making their communities better places to work and live. Caring Hands aims to achieve a total 150,000 hours of volunteer work in the U.S. during 2002.

Siemens Information and Communication Networks already has created Dollars for Doers as a way to reward employees engaged in volunteer work by making a donation of up to \$300 a year for the charity or non-profit organization they support. During the past fiscal year, Siemens ICN employees in the U.S. alone devoted

a total 5,000 hours of their personal time to delivering food to the homeless, teaching schoolchildren with disabilities to use computers, and making teaching aids for use in science classes from used office supplies.

Pan-African knowledge network

Africa is another part of the globe where Siemens for many years has engaged in public welfare programs. In numerous African states, the population is severely disadvantaged, lacking the means to achieve a sustainable livelihood and dignity. Convinced that providing quality opportunities to acquire education and training is particularly important to improving lives and living conditions, our Regional Company in Belgium has launched the Euclides project with the goal of providing African technicians and engineers with practical training in in-

Helping and learning

"Switch – the other side" is a collaborative project launched by Siemens Information and Communication Networks and the city of Munich. As part of an onward training program, company managers spend a week in selected charity organizations, working with young people, the homeless, AIDS victims, and the disabled. Both sides benefit: The organizations gain in that they are frequently able to win managers' long-term support for their activities and profit from a fresh influx of ideas. And for Siemens, this adds a whole new aspect to its citizenship work, as well as advancing the social competency of its management-level employees. The latter experience personally the importance of public-welfare work and learn to take a constructive tack when dealing with difficult interpersonal situations. During the past fiscal year, 17 Siemens employees took part in the program, recently also replicated by the Information and Communication Mobile Group in Berlin, Germany. Other cities and other Siemens Groups are to follow suit.

formation and communication technology. Over the next few years, with Siemens' support, Belgian and African universities and colleges will team up to create a pan-African network to help advance the transfer of knowledge from Europe to Africa. The first African countries to join the network are Kenya, with the University of Nairobi and the Kenya College of Communications Technology, and Senegal, with the Université Cheikh Anta Diop and the École Supérieure Multinationale de Télécommunication de Dakar. Initially, the plan is to create a communications infrastructure built on internet technology by mid-2002 that will allow students to take courses via distance learning. Euclides will be widened subsequently to tie in other countries in Africa.

Investing in tomorrow

The ability to read and write is something largely taken for granted in industrialized nations, but in other parts of the world people often have no means of obtaining any kind of schooling. In China, for example, some 18 percent of the population can neither read nor write. According to China's education ministry, each year more than 4 million children leave school without any formal qualification, forced by poverty to begin working in order to help contribute to the family income. The Hope Project, a non-profit organization, was formed to create education opportunities, and Siemens, along with around 20 business partners, has decided to provide financial aid to the NPO. The funds go toward building and renovating schools.

For four years now, our Regional Company in Vietnam and a number of other firms have been helping to build two schools for orphans in the provinces Ha Tay and Binh Duong. The support they give involves much more than merely writing checks: Siemens employees pay frequent visits to the schools to see the children, take them on outings, and bring them small gifts on special occasions like New Year.

In Brazil, Siemens is involved in efforts to help young people impeded by inadequate schooling to find employment. We are lending our support to the Young Citizen: My First Job initiative launched by São Paulo's

state government, which helps students prepare for work – for example, through internships, computer training, careers advice, and financial support. To improve moneyless young people's chances of finding employment, we teach them computer skills in our own facilities.

Even in rich industrial countries, children feel the impact of unemployment and poverty, especially those growing up in major cities. Numerous institutions are attempting to improve youngsters' future prospects. In Berlin, for example, Schlesische Strasse 27, a youth and cultural center located in the city's Kreuzberg district, seeks to act as a second home for socially disadvantaged children. For ten years now, Siemens has been a member of the group of sponsors that provides the center with cash grants, as well as serving on the center's executive board in an advisory capacity. Through a number of channels, children and young adults are given the opportunity to try their hand at a wide range of arts and crafts in the center's workshops – in joint projects organized through their schools, by

Around the world

France, Siemens employees share their specialist knowledge with humanitarian organizations and places of education • **Argentina**, Siemens provides funding to numerous places of education and sponsors the construction of a children's home • **Britain**, we installed an advanced fire-alarm system in a school • **Vietnam**, Siemens is donating money to help the victims of the most recent flooding disaster • **Poland**, Siemens donates hearing-aids to hospitals • **Chile**, Siemens contributes to a fund for impoverished schoolchildren • **Egypt**, the Bibliotheca Alexandrina received an equipment donation of Fujitsu Siemens computers • **Korea**, Siemens awards scholarships to needy students • **Malaysia**, Siemens donates wheelchairs to people with severe disabilities • **Pakistan**, computers donated by Siemens help the police to locate stolen motor vehicles and weapons • **Canada**, Siemens supports a variety of organizations helping children in need • **Lithuania**, Siemens provides donations in kind to special homes for orphaned and severely disabled children • **Switzerland**, Siemens supports Terre des Hommes in its fight for children's rights • **Thailand**, as part of the Widen the Little World project, Siemens sets up libraries for schools in remote rural areas • **Greece**, the hospital on the island of Paros received medical equipment and computers • **Belgium**, Siemens is a co-founder of the Corporate Funding Program. The organization raises money among Belgian companies and donates funds to sustainability projects in developing countries.

taking part in courses and special projects, or through European youth exchange programs. Provided free of charge, the courses are supervised by professional artists, and the works and pieces created are put on display for friends, parents, neighbors, teachers, and patrons.

Emergency aid

Poverty, neglect, or social problems are not always the factors that present communities with colossal challenges. Nature, too, sometimes takes its toll, creating immensely difficult living conditions. In the summer of 2000, for example, Mongolia faced its worst drought in 40 years, only to be hit immediately after by the harshest winter on record. To help the victims, Siemens employees in China collected and donated winter garments and blankets.

India's population, too, was hit by a natural disaster. On January 26, 2001, a national holiday, the country was rocked by a violent earthquake. The epicenter was located in the state of Gujarat in the northwest of the subcontinent. Employees at our Regional Company in India responded instantly, raising around €60,000 in the space of just six hours. The money was used to purchase food, water, and other urgently needed relief goods to help alleviate the immediate initial suffering. Seventy-two hours after the catastrophe struck, a group of 14 volunteers traveled with a convoy of ten trucks to the area affected to help distribute the emergency supplies, undeterred by the difficult conditions and the extreme heat. A second team brought in and erected 150 tents, providing emergency shelter for around 600 people. Two mobile x-ray units were also made available, and Siemens later installed two power circuit-breakers in the Gujarat Electricity Board's transformer substation to restore power to the area.

Siemens, the German Consulate General, and a number of other companies have since set up a relief fund to provide money to help towns and villages affected by

the quake to rebuild their infrastructure and, importantly, their schools. Siemens' Regional Company in Singapore, too, contributed financial aid to the same cause through the Times of India Fund.

In the wake of the horrendous terrorist attacks on New York and Washington on September 11, 2001, Siemens immediately provided financial aid, setting up the U.S.-based Siemens Caring Hands Foundation with an initial endowment of \$2 million, to help ease the suffering sustained by so many members of the population. The allocation of the foundation's funds to those in need is to be coordinated with the New York and Washington authorities. In addition, we actively encouraged all Siemens employees worldwide to make private donations toward the relief efforts, pledging also to use company funds to double every employee contribution. This way we were able to donate about €6 million in total for the benefit of families affected by the disaster. □



Gabriele Estill, a native German, is married with two children and has lived in California for 12 years now. She was honored by America's Charities, a non-profit organization, for her outstanding services to a good cause. She particularly enjoys working on the kind of project in



We overcome barriers by promoting
the arts and culture.

In 2001, artist Elvyrra Jon won the Siemens Acquisition Award, presented by our Australian Regional Company. The award is offered every year in conjunction with an arts competition sponsored by Siemens and the Royal Melbourne Institute of Technology (RMIT). Six Siemens employees chose Elvyrra's work *Untitled*, which was subsequently purchased by the company and will be exhibited for a year at each of the various Siemens branch offices.

Arts and culture Out of a long-standing tradition, we consider ourselves an integral part of local society and culture in all of the countries in which we operate. It's a way of thinking that allows us both to tap into local ideas as a source of inspiration and to reciprocate by delivering new and innovative products to meet society's needs. We support museums and artists through private foundations and through our Regional Companies' initiatives. We also help promote contemporary art and the development of new art forms through the Siemens Arts Program.

The Siemens Arts Program

Since its inception in 1987, the Siemens Arts Program (www.siemensartsprogram.de/en) has worked in four main areas – the visual arts, the performing arts, music, and contemporary and cultural history – with a broad variety of institutions, including the Biennale in Munich and the Stanislavsky Opera in Moscow. The program's project work has an international orientation and targets not just Siemens employees but also members of the general public with an interest in culture and the arts. One of the program's primary concerns is to address those developments emerging in society amid the currents and countercurrents running through culture, industry and science that demand public attention and debate. Besides communicating contemporary views on the arts and culture, the program also seeks consistently to highlight the association between the worlds of work and art.

At Siemens Technology Development Corporation in Beijing in August 2001, for example, Yin Xiuzhen created a new work of art in the "What are they doing here?" series of projects, an aircraft of cloth built by the artist with the assistance of Siemens employees. The series seeks to promote an active culture of communication between Chinese artists and employees of Siemens AG's joint ventures. The projects invite employees not just to perceive their work environment from a business standpoint, but also to experience the emotional, social, and creative aspects. Sweden's "I'll never let you go" festival in March 2001 explored new forms of producing and presenting performances of contemporary dance. Besides

choreographers and dancers, a number of visual artists and members of the scientific community were invited to attend the two-week event, which featured dance performances, discussions, and installations.

Think global, act local

As a global player, we support local projects around the world in order to nurture the relationships between our company and the specific social and cultural environments in which we operate. Our efforts in this regard include the countless projects supported by Siemens' Regional Companies. As part of an employee-initiated partnership with Australia's RMIT University in Melbourne, for example, we provide art

Around the world

Lithuania, for five years now we have supported the Lithuanian National Opera and the Ballet Theater • **Pakistan**, we're helping writers and poets to get their work published • **Brazil**, Siemens supports the Mozarteum in São Paulo by helping organize concerts and awarding music scholarships • **Argentina**, Siemens is sponsoring a variety of musical events and concerts • **Israel**, we are supporting a summer camp for young musicians • **Poland**, we offer young artists exhibition space in the Siemens gallery • **Switzerland**, Siemens is a patron of the Neuchâtel Theater, the Tonhalle Orchestra, the Zurich Opera House, and the Lucerne International Music Festival • **Italy**, our help made it possible to mount a large-scale exhibition on Charlemagne in the Vatican Museum • **The Philippines**, in association with other German companies and the German embassy, we support theater productions and concerts • **Japan**, Siemens organized a concert by the Berlin Philharmonic Octet • **The Netherlands**, we publish a calendar each year featuring the work of art students • **Malaysia**, Siemens sponsored an exhibition by local artist Eric Chan • **Latvia**, Siemens supported the Metropole Riga exhibition marking the city's 800th anniversary celebrations.

students wishing to pursue their education worldwide – be it through travel or further study – with scholarships of between A\$2,000 and A\$7,000. In addition, we exhibit selected students' works at our Australian headquarters on a rotating, six-month basis and we purchase one piece chosen by employees from the works of scholarship recipients. As part of an exchange program, Siemens employees also attend art workshops at RMIT University. This provides an opportunity for both sides to learn from one another.

In Turkey, Siemens in 1993 launched its annual Siemens Art Award to honor gifted young artists working in a variety of fields and media. In fiscal 2001, the prizes went to three young singers in an opera competition. The winner of the first prize will have the opportunity to pursue a degree at the University Mozarteum Salzburg.

Siemens Ireland has been working to protect its heritage of industrial history. In association with the power utility E.S.B., our first-ever customer in Ireland in 1925, we are working to keep alive the memory of the country's early technical achievements. As part of the project, machinery was restored and loaned to a jointly organized itinerant exhibition on the history of the electrification of Ireland. Other initiatives include an exhibition of paintings of the Shannon hydroelectric plant by Sean Keating and a number of publications on the historical significance of hydroelectric power for Ireland.

The Foundations

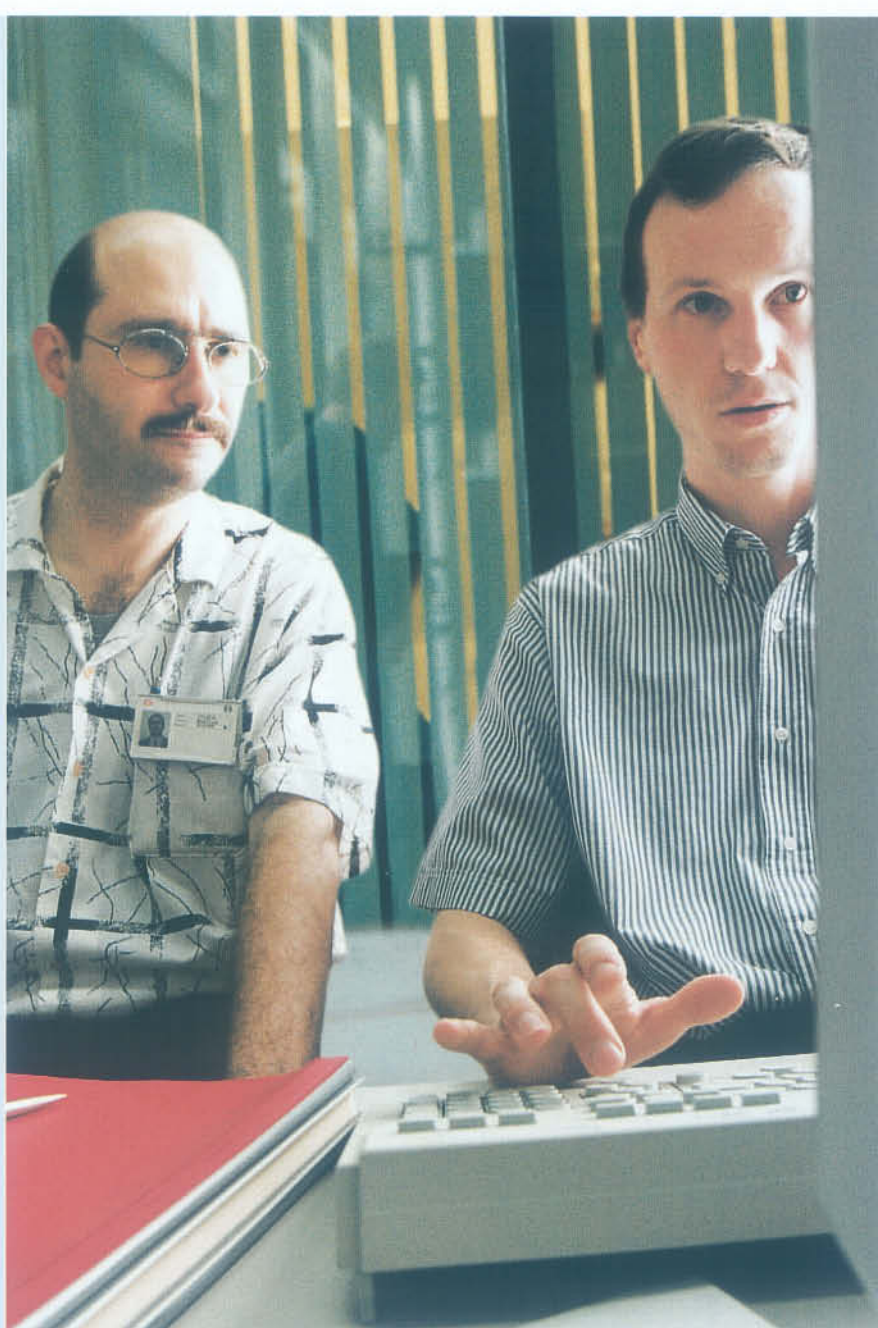
Promoting the arts and culture acquired special importance for the company through the efforts of Ernst von Siemens, one of our founder's grandchildren: He paved the way for the creation of three foundations, two of which would allow his descendants to

act as patrons of the arts. Since 1972, the Ernst von Siemens Music Foundation, based in Switzerland (www.ernst-von-siemens-musik-stiftung.de/en), has presented a lifetime achievement award to an important composer, performer, or musicologist each year. This year, the Ernst von Siemens music prize went to a German musicologist, Reinhold Brinkmann. Aside from its international esteem, the award also represents an increasingly important source of funding, especially for young composers, ensembles, and institutions devoted to the study of music. From 2001, the foundation will have €1.28 million at its disposal for a period of three years.

Since 1983, the Ernst von Siemens Art Foundation has been assisting museums and collections with the purchase of important works, and has helped fund public exhibitions and the publication of collection catalogues. In 2001, it made funds available to numerous institutions for the purchase of works of art, including the State Collections in Berlin for the painting *Potsdamer Platz* by Ernst Ludwig Kirchner, the Ethnological Museum of Leipzig for the bronze *Oba-Kopf*, and the Castle Museum in Murnau for the picture *Kandinsky und Erma Bossi am Tisch* by Gabriele Münter. Siemens AG supports the Foundation through the Ernst von Siemens Art Fund. The third major foundation, the Carl Friedrich von Siemens Foundation, is devoted to promoting science (see page 29). □

Originally from Korea, Elvyrra Jon has been living in Australia for 12 years now and studies art at RMIT University. Having completed a master's program in 1999, she is currently engaged in research toward a Ph.D. which involves exploring Eastern and Western influenc-





Facts and figures

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Our task in fiscal 2001 was to extend our Corporate Citizenship Report by including a facts and figures section for the first time.

Our goal was to deliver a detailed account of our company's citizenship initiatives within the community – no mean task, considering we're active in 190 countries around the world.

Since Infineon no longer belongs to the Siemens group of consolidated companies, the personnel figures given here apply to Siemens only, **without Infineon**.

Siemens' employee base

A tech company's qualities as an innovator derive primarily from its engineers, IT specialists, and scientific researchers. We as a company are thus fully aware that our employees' knowledge is a resource of immense value and, as such, will remain a critical factor for our future competitive strength. That's why we seek actively to identify and contact highly qualified potential recruits as early as possible.

In fiscal 2001, Siemens had a global workforce of 450,000 people. Thirty-five percent of the workforce had a university degree, and the vast majority of our graduates – 78 percent – had a background in the natural sciences or technology.

Management

During the past fiscal year, Siemens' management-level employees numbered 64,000 – 14 percent of the total workforce; of these, 6,500, or 1.4 percent, were in senior management.

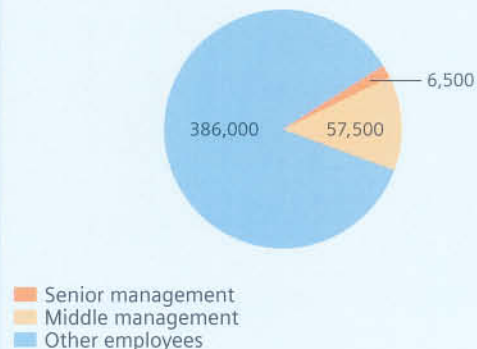
We make a clear distinction between senior management and middle management. Within a given framework, a senior manager has the authority to make decisions that will have a major effect on the company without first obtaining approval. Moreover, it is the duty of senior managers to make decisions regarding the leadership of employees.

Employees worldwide (not including Infineon)

Total employees in 2000: 419,000

Total employees in 2001: 450,000

Total employees: 450,000
Management-level employees: 64,000



Employees by function

As a developer of products, systems and services, Siemens is also able to position itself as a strong supplier of integrated solutions. We offer an unparalleled range of different products (roughly a million, in all) – everything from cellular phones to highly advanced 3-D sonogram units to equipment and installations for major mail distribution centers. We make these products at around 570 manufacturing locations worldwide – a fact that accounts for why 43 percent of our employees work in manufacturing. Thirty-two percent of our people are involved in marketing and selling our products.

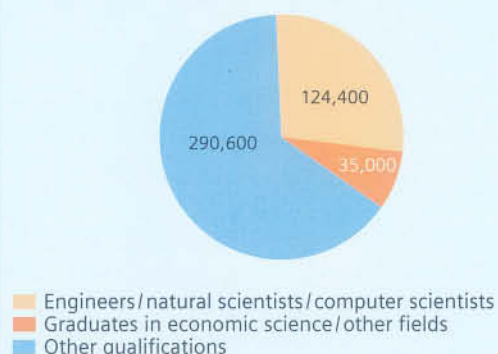
Employees by function



Employee training

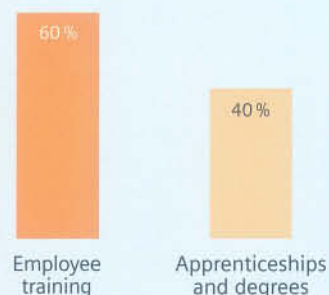
Having well-qualified employees is especially vital for our *Global network of innovation*. Accordingly, we seek to advance our people to the greatest extent possible by offering training and continued education opportunities throughout their careers, helping them, for example, to adapt to the latest technological advances, familiarize themselves with new management systems, learn foreign languages, and align with personnel management’s changing requirements profiles.

Total employees: 450,000
Graduates: 159,400



In 2001, we spent over €500 million on training and continued education for employees. Sixty percent of our budget went toward employee qualification programs.

Spending on training (over €500 million)



Apprentices

We consider it an important aspect of our social responsibility to provide young people with the best possible training in preparation for future careers. During the past fiscal year, Siemens trained 12,600 apprentices.

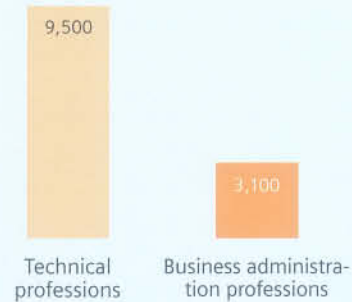
Each year, we receive substantially more applications for places on apprenticeship programs than we can possibly accommodate. This offers a clear indication that young people recognize Siemens as a strong company with a promising future. Training for careers in technology is especially popular: More than three-quarters of our apprenticeship places are for technical professions.

The importance of research and development

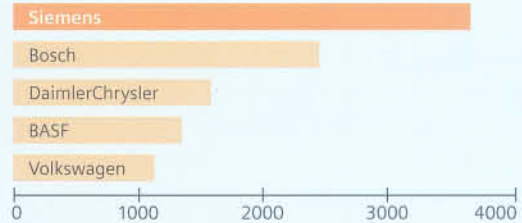
With research locations in over 30 countries and with 56,100 employees working in research and development, Siemens today ranks first in R&D worldwide. Thanks to our employees' creative thinking, we were able to file for patents for 6,330 innovations during the past fiscal year. Siemens has submitted more patent filings than anyone else, both to the German Patent and Trademark Office and to the European Patent Office. In the United States, the most innovative and hotly contested market in the world, we currently rank sixth. By a wide margin, Siemens also heads the rankings published by the World Intellectual Property Organization, one of the United Nations' specialized agencies.

Our power to innovate is the essence of our success. This is especially evident from the fact that products not more than five years old account for 75 percent of our sales.

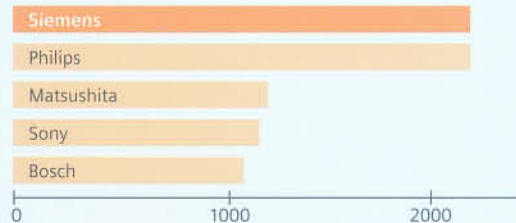
Apprentices: 12,600



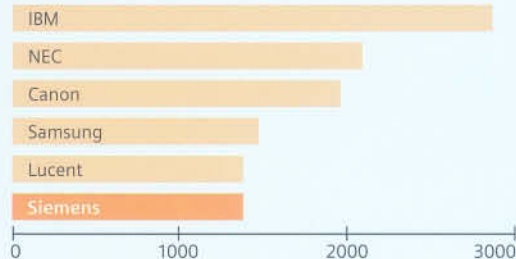
German Patent and Trademark Office



European Patent Office



U.S. Patent and Trademark Office



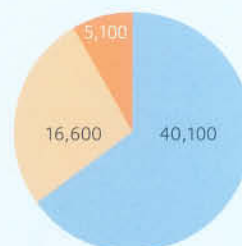
Training new employees

In spite of all the change in our circumstances and our business environment during 2001, we succeeded in hiring 61,800 people to fill not just vacancies for existing positions but also countless newly created jobs. More than one-third of all our new hirings were university graduates, of whom the majority had obtained degrees in engineering, computer science or one of the natural sciences, while 24 percent had graduated in economic science or another field.

Women

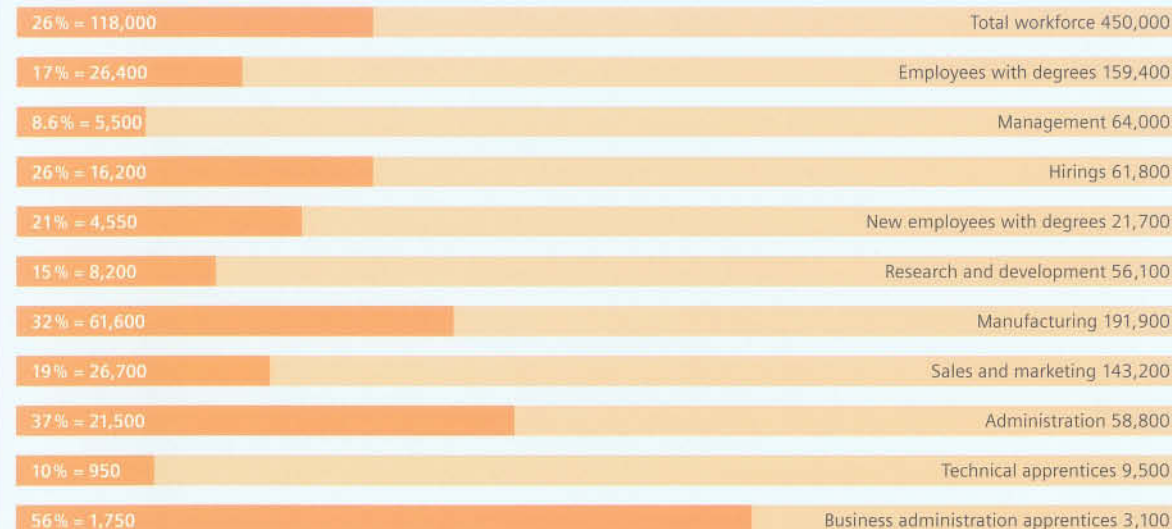
Siemens has 118,000 female employees worldwide. They make up 26 percent of our total workforce. Although this figure is roughly average for comparable corporations in the same sector of industry, we nevertheless intend to attract a greater number of women to the company in the future. Our business administration apprenticeship programs have already succeeded in meeting this goal. These programs draw an exceptionally large number of young women – a fact reflected in our hiring statistics.

Total hirings: 61,800
Graduates: 21,700



- Engineers/natural scientists/computer scientists
- Graduates in economic science/other fields
- Other qualifications

Women in the workforce



Youth and Knowledge

Equipped with a total €25 million for a period of five years, our Youth and Knowledge program has a generous budget at its disposal.

During the past fiscal year, we spent €2.4 million on the Youth and Knowledge schools program, of which 68 percent went toward technical projects and 32 percent toward projects intended to advance social competency and the economic sciences.

Our Youth and Knowledge universities program invested €2.88 million in higher education, of which €1.8 million were awarded to students as scholarships for master's degrees. The remaining funds were allocated to a variety of other projects, including exchange programs, doctorates, events, and the like.

The Siemens Foundation

Based in the United States, the Siemens Foundation pursues the same goals as our Youth and Knowledge program in Europe. Equipped with an annual budget of €3.9 million, the Siemens Foundation each year awards prizes and grants scholarships worth a total €1.1 million to outstanding students in schools and universities. With donations totaling €332,000, the Siemens Foundation also sponsors a number of leading U.S. universities, including such prominent seats of learning as the Massachusetts Institute of Technology and the University of California in Berkeley.

In addition, the College Board and the Education Testing Service (ETS) receive a total €664,000 in Foundation funding. These non-profit organizations help students in their search for a suitable college and accompany them through the aptitude tests typically required for college entry in the U.S. The Foundation's remaining resources are assigned to a variety of projects aimed at improving the tuition of mathematics and the natural sciences in schools.

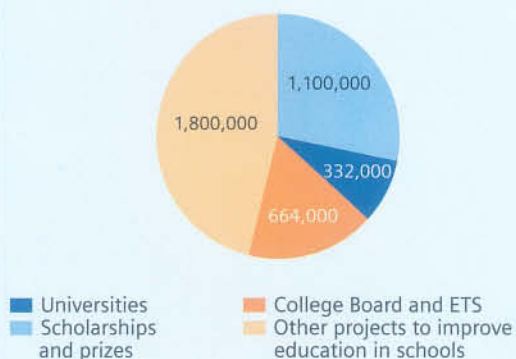
Youth and Knowledge – Schools
Total funding in 2001: €2.4 million



Youth and Knowledge – Universities
Total funding in 2001: €2.88 million



Budget in 2001: €3.9 million



The Siemens Arts Program

Working in tandem with a number of other cultural institutions, the Siemens Arts Program engages in a range of international projects, above all in such areas as the visual arts, music, theater, and employee programs. The primary focus of our initiatives here is on promoting art's contemporary themes and issues.

Recent projects included "What are they doing here?" (China), "I'll never let you go" (Sweden), the European Festival of Dance (Russia), and Fashion as Sculpture (Germany).

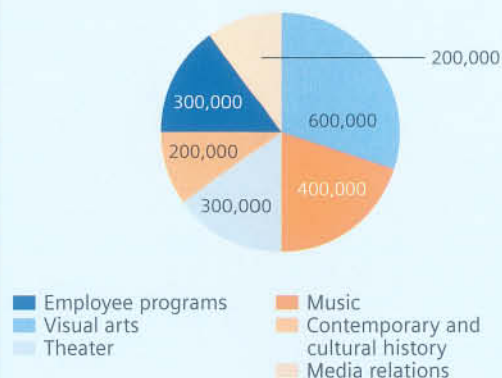
Caring Hands

Following the terror attacks of September 11, 2001, on New York and Washington, we donated funds to provide aid to victims through the Siemens Caring Hands Foundation, formed in the U.S. in 1991, through its newly founded counterpart in Germany, Siemens Caring Hands e.V., and through our Caring Hands network in countless other countries. We succeeded in raising a total €6 million in aid from all over the world, including over €1.5 million in donations from our employees.

German industry's foundation initiative

During World War II, Siemens employed forced laborers under a state program set up by the totalitarian national socialist regime. We fully acknowledge our moral responsibilities in this context. As a founder member of the Remembrance, Responsibility and the Future foundation, which was able to begin making payments to former forced laborers in 2001, and through support for the Austrian Reconciliation Fund, we have made comprehensive financial contributions amounting to a total €150 million. This sum includes endowments to the Siemens Humanitarian Aid Fund, as well as earlier payments already made to the Jewish Claims Conference.

Budget in 2001: €2.0 million



Awards for good corporate citizenship

Siemens has received official recognition in many countries for its corporate citizenship initiatives – awards too numerous to be listed in full here. The following are just some of the prizes we were honored with in 2001:

- Australia: The Greenhouse Challenge Prize, awarded by the Australian Greenhouse Office.
- Brazil: Siemens was honored by the American Chamber for the "adoption" of a school.
- Poland: The Diamond Sponsor Award, officially presented by Poland's president, for our contribution to the Internet in Schools program.
- Turkey: The national Donator Company of the Year award.

Glossary

affirmative action

The practice of making special provisions, such as training programs, that specifically benefit members of formerly disadvantaged groups.

business conduct guidelines

Moral principles concerning both ideal and unacceptable behavior by corporations and individual businesspeople.

change management

The systematic tracking and evaluation of internal and external factors and processes affecting corporations.

corporate citizenship

A corporation's activities and initiatives in the community, undertaken out of a sense of social and environmental responsibility.

corporate principles

A set of principles describing a company's values and perception of itself. Siemens' Corporate Principles were defined in 1997, the year of the company's 150th anniversary, based on a worldwide employee survey. One of Siemens' seven Principles is a global commitment to corporate citizenship.

digital divide

The yawning gap between those people and communities who can make effective use of information and communication tools – in particular the Internet – and those who cannot. Industrialized countries, with only 15 percent of the world's population, are home to almost 90 percent of all Internet users.

diversity

The variety of cultures, religions, nationalities, and age, ethnic and social groups represented within a company's workforce.

Dow Jones Sustainability Indexes (DJSI)

A set of indexes created to track the performance of leading companies in the field of corporate sustainability. The DJSI's current rankings comprise some 300 companies whose products, processes, and management systems meet the principles of sustainable development.

→ sustainability

econsense

Formed by the Federation of German Industry (BDI) in 2000, "econsense – Forum for Sustainable Development" was set up to develop sustainability strategies and to promote dialogue with other groups in society. Siemens is a founder member of econsense.

employability

The skills and qualifications that are likely to be valued by an employer and determine an individual's suitability to work in a given capacity.

employee-oriented policies

Part of a corporate culture focusing on human issues such as safety and health, retirement provisions, social welfare benefits, and balancing work and personal life.

empowerment policy

Systematic, business-oriented development of employee and business partner competency through qualification initiatives designed to eliminate deficiencies.

Global Digital Divide Initiative

An initiative of the World Economic Forum to develop and propagate creative public-private sector initiatives to transform the divide into an opportunity.

Management Learning / Management Learning Program

Siemens' worldwide program to prepare and develop management-level employees. It comprises two tracks – S1 for top management, and S5 for up-and-coming managers.

non-governmental organization (NGO)

An organization that is neither profit-oriented nor represents a government. NGOs are often single-issue pressure groups working for issues such as human rights, the environment, or fair trade, but an NGO can also represent mainstream activities such as business.

Siemens Qualification and Training (SQT)

A Siemens AG business unit with 330 employees, operating in five countries. SQT specializes in providing employee training and qualification programs on behalf of other Siemens units and on the open market.

stakeholder

An individual or organization directly or indirectly affected by the activities of a company – for example, a customer, employee, shareholder, supplier, or community.

sustainability/sustainable development

Sustainable development is based on the idea of striking a balance between economic, ecological and social factors. Some U.S. companies also refer to this as the → triple bottom line. The concept is frequently associated with Agenda 21, passed at the UN's 1992 Earth Summit in Rio de Janeiro.

triple bottom line

A term referring to the three pillars of sustainability: social, environmental and financial accountability. According to the concept of TBL, a balance must be maintained between all three pillars for a company to remain successful and profitable in the long term.

Ordering information

If you would like to find out more about Siemens and our wide range of activities, check any of the following items and fax this page to the number shown.

- Siemens Annual Report 2001
- Siemens Corporate Citizenship Report 2000
- Siemens Corporate Citizenship Report 2001
- Siemens Environmental Report 2000
- Siemens Environmental Report 2002 (available in May 2002)
- Solutions for the Cities of Tomorrow (brochure)
- Innovations for Tomorrow's World (brochure)
- NEW WORLD – the Siemens magazine
- Pictures of the Future – the Siemens magazine for research and innovation

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The cover photo shows Elvyrra Jon, also featured in the article beginning on page 34.

»We are a respected corporate citizen in all countries in which we do business. We safeguard our people's future through training and continuing education. Integrity guides our conduct toward our business partners, colleagues, shareholders, and the general public. Cultural differences enrich our organization.«

SIEMENS

Global network of innovation