

# Corporate Responsibility Report 2006

Facts, figures and other information on the 2006 fiscal year

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**SIEMENS**

# Corporate Responsibility Report 2006

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In fiscal 2006, Siemens was again listed on major indices and received numerous awards. In this chapter we also publish the details of our reporting approach. 63

## Preface

### Facts, figures and other information

As a global business operating in over 190 countries, Siemens is influenced by a variety of cultures, religions, values and mentalities. In many countries, the company has been an integral part of the economy and society for decades.

As a global player, we have a highly diversified workforce, and this diversity is inspiring for Siemens. It makes for a richer societal, cultural and political experience, and opens up new opportunities for us. Our understanding of corporate responsibility is no less global – something reflected by our participation in the UN Global Compact.

Underlined terms link to web sites or PDFs, the figures in the tables of content link to the respective pages.

## Siemens in Profile

Siemens, headquartered in Berlin and Munich, is one of the world's largest electrical engineering and electronics companies and holds leading market positions in all its business areas. The company has around 475,000 employees working to develop and manufacture products, design and install complex systems and projects and tailor a wide range of services to individual requirements. Siemens, founded more than 160 years ago, provides customers with innovative technologies and comprehensive know-how to solve their commercial and technical challenges.

### Key Figures and Corporate Structure

All financial information on the 2006 fiscal year as well as the Siemens corporate structure can be found in the Siemens [Annual Report 2006](#). The most important key figures in the [Siemens archive](#) since the company was founded.

### Business Areas

Siemens is active in the business areas Automation and Control, Power, Transportation, Medical, Information and Communications and Lighting. Portraits of our business areas and most recent innovations on our [international web site](#). Important innovations of previous years in the [Siemens archive](#).

### Global Presence

With 474,900 employees in almost 190 countries, Siemens does business all around the world. We operate some 290 manufacturing facilities worldwide. Our global presence is illustrated in the [Siemens Annual Report](#). Siemens' worldwide activities are described on the [international web site](#). In the [Siemens archive](#) you can read about Siemens becoming a global player.

### Markets and Competition

Details about our market, its regional split and the current landscape of competition can be found on the [Investor Relations](#) pages.

### Our Portfolio

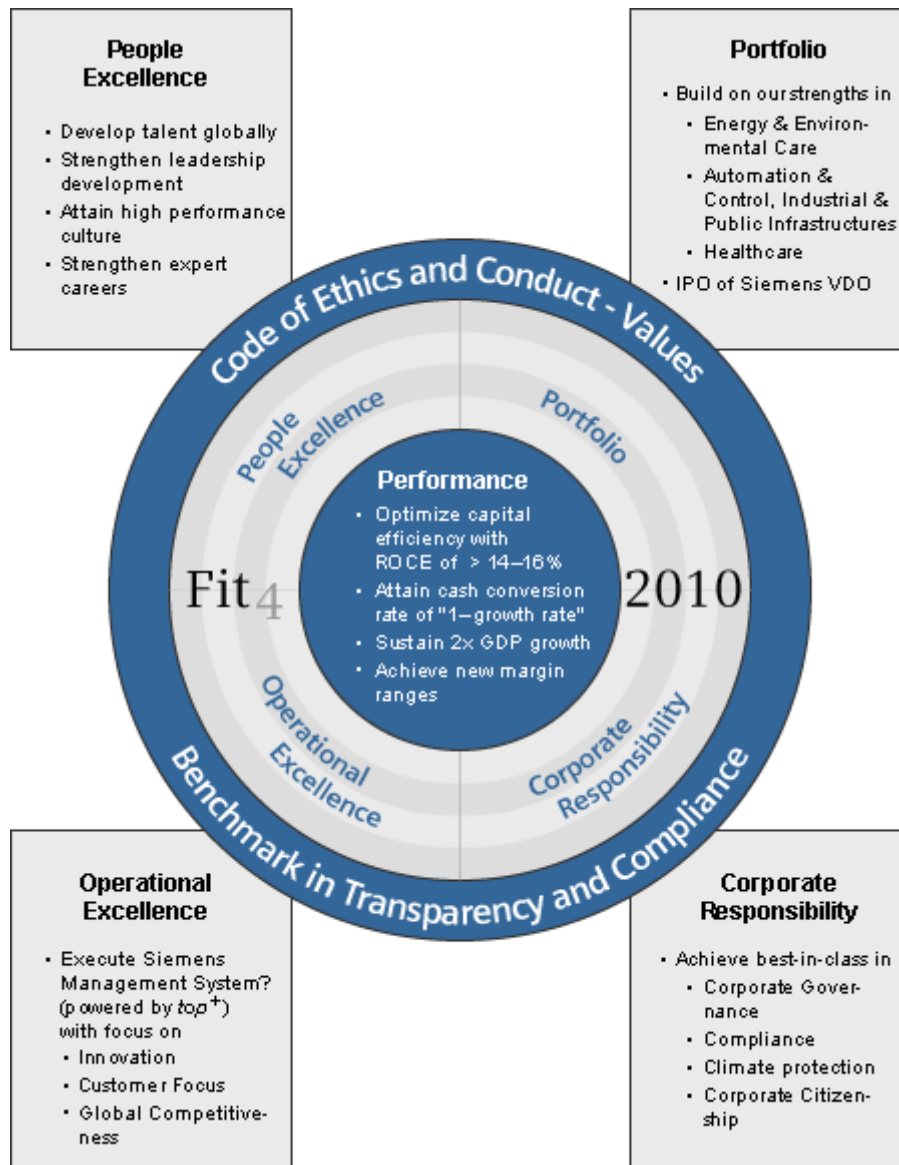
On our Investor Relations pages you will find information about the most recent [portfolio changes](#) with details of each individual transaction. Portfolio development over previous years in the Siemens archive.

## Strategy

### Corporate responsibility as an enabler for business success

At Siemens, corporate responsibility is a strategic managerial process aimed at integrating business, environmental and social performance to create greater value and enduring benefits within a framework of ethical practices.

This is why corporate responsibility is a cornerstone of Fit4 2010, our new intermediate-term program to drive company growth.



Further information on Siemens' corporate strategy including our internal guidelines and the international guidelines on which we place great emphasis can be found in the chapter Principles and Management on our Corporate Responsibility web site.

# Our Corporate Responsibility Goals

## Overview

### Supply Chain Management

- Definition of company-wide implementation goals for revised Code of Conduct for Siemens Suppliers until the end of fiscal 2007.
- Selection of indicators for reporting on corporate responsibility in the Siemens supply chain regarding the new Code of Conduct and monitoring of suppliers' compliance until the end of fiscal 2007.
- First reporting based on new indicators until the end of fiscal 2008.

Further information on these topics in the chapter "Supplier Management" on page 7.

### Environmental Protection

- Further improvement of environmental reporting: Medium-term (Fit4 2010).
- Implementation of environmental management systems (EMSs) at newly acquired sites and increasing the maturity of EMSs at existing sites: Medium-term (Fit4 2010).
- Improvement of environmental performance according to quantifiable environmental targets (energy/CO<sub>2</sub>, water, and waste) until the end of fiscal 2011.

Further information on these topics in the chapter "Environmental Targets under Fit4 2010" on page 31.

### Occupational Health & Safety

- Further reduction of work accidents and occupational diseases (EU campaign "Community Strategy 2007-2012 on Health and Safety at Work") until 2012.
- Integration of decentralized IT applications for purposes of safety, health and environment management under a uniform platform (SAP EH&S).
- Development of an integrated OH&S protection tool (ISO 14001 / OHSAS 18001) for conducting self-assessments.

Further information on these topics in the chapter "Our Occupational Health and Safety Goals" on page 44.

## **Corporate Citizenship**

- Intensification of citizenship governance for our Groups and Regional Companies until the end of fiscal 2007.
- Full listing, analysis and categorization of corporate citizenship expenditures company-wide until the end of fiscal 2007.
- Further contentual and financial consolidation of results through improvement of financial reporting and evaluation of projects until the end of fiscal 2007.
- Introduction of a company-wide Corporate Responsibility Award with a focus on corporate citizenship until the end of fiscal 2007.
- Development of a catastrophe prevention program within Siemens Disaster Relief until the end of fiscal 2007.

Further information on these topics in the chapter "Goals for 2007" on page 62.

## **Corporate Responsibility Reporting**

Detailed intermediate-term framework with binding goals for:

- our performance and/or the development of performance goals
- development and/or implementation of further guidelines and/or processes as necessary
- our reporting in our Corporate Responsibility Report 2007.

Further information on these topics in the chapter "Reporting Approach" on page 65.

## Company

### The Conditions for Sustained Success

Siemens has always believed in taking a long-term approach to business based on solid financial foundations. Our focus is on sustaining our business success and profitability to create value for our customers, investors, employees and other stakeholders.

### Corporate Governance

Sound corporate governance principles inform all our decision-making and monitoring processes at Siemens. We report in detail on corporate governance in our Annual Report 2006.

Read on our Investor Relations pages how Siemens addresses German corporate governance requirements, European CG initiatives, and U.S. capital market regulations.

### Compliance

Compliance is discussed in a number of sections in our Annual Report 2006. You can find detailed compliance information on p. 131-132 of "Management's discussion and analysis."

### Supplier Management

#### *Sustainability in the Supply Chain*

Corporate responsibility plays an important role in Siemens' supply chain, and our sustainability principles, a cornerstone of our procurement strategy, help to safeguard our success as a company in the long term. We hope that these principles will also succeed in promoting a wider sense of social responsibility and an awareness of the importance of environmental stewardship among our suppliers. This is why we ask them to abide by these principles in their own businesses and why our system of supplier management sets out to assert our sustainability standards.

### Fundamental Supplier Requirements

From 2002, our business dealings with suppliers were governed by a set of fundamental supplier requirements centered on environmental protection and corporate social responsibility which suppliers were expected to endorse and embrace. The aim of these requirements was to avoid environmental impacts, to encourage the fair treatment of workers, and to protect fundamental human rights. Audits were conducted to verify suppliers' compliance with these requirements.

Read in our Fundamental Supplier Requirements which basic requirements suppliers must agree to.



## **Revised Supplier Requirements**

Toward the end of fiscal 2006, as part of the company's Fit4more program, we launched a project to revise and update our supplier requirements. These requirements were extended and tightened in line with our in-house standards to promote sustainability. Further details can be found in the chapter Supplier Management on the Corporate Responsibility web site.

## **Our Goals**

With our updated requirements, published in our Code of Conduct for Siemens Suppliers, we ensure that fundamental sustainability principles are met in the procurement process. Building on the experience gathered here, we will go on to set company-wide implementation goals and publish them in the Siemens Corporate Responsibility Report 2007. We will also select indicators as a basis for monitoring suppliers' compliance with our Code of Conduct and for reporting on corporate responsibility in the Siemens supply chain. These indicators will provide us with performance data which we plan to publish for the first time in our reports for fiscal 2008. We may also publish some data in our fiscal 2007 reporting.

## **Risk Management**

In the Siemens Annual Report 2006, we highlight a number of risks that could have an impact on our assets, earnings and financial situation. These are not necessarily the only risks to which we are exposed. Other risks, as yet unknown or currently graded as insignificant, could also adversely affect our business operations. For more information see our Annual Report 2006 ("Management's discussion and analysis", p. 136-143).

## Environment

### Environmental Protection Facts and Figures

Our environmental reporting is based on a companywide, international system. All figures are for the 2006 fiscal year.

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## Methodology

### *The Siemens Environmental Information System (SEIS)*

## Environmental Reporting

Under the Siemens Environmental Information System (SEIS), we collect environmental protection data from all countries and business areas.

With regard to operational environmental protection, those sites that exceed certain threshold values must report key environmental data on resource consumption, emissions and waste production on an annual basis. This requirement takes effect when the following threshold values are exceeded:

Primary energy	> 1000 GJ
Secondary energy	> 1000 GJ
Waste water (production and sanitation water)	> 1500 m <sup>3</sup>
Hazardous waste	> 1 t
Non-hazardous waste	> 50 t
Refrigerants (specifically R22, for example)	> 50 kg
Direct greenhouse emissions (equivalent)	>1000 t

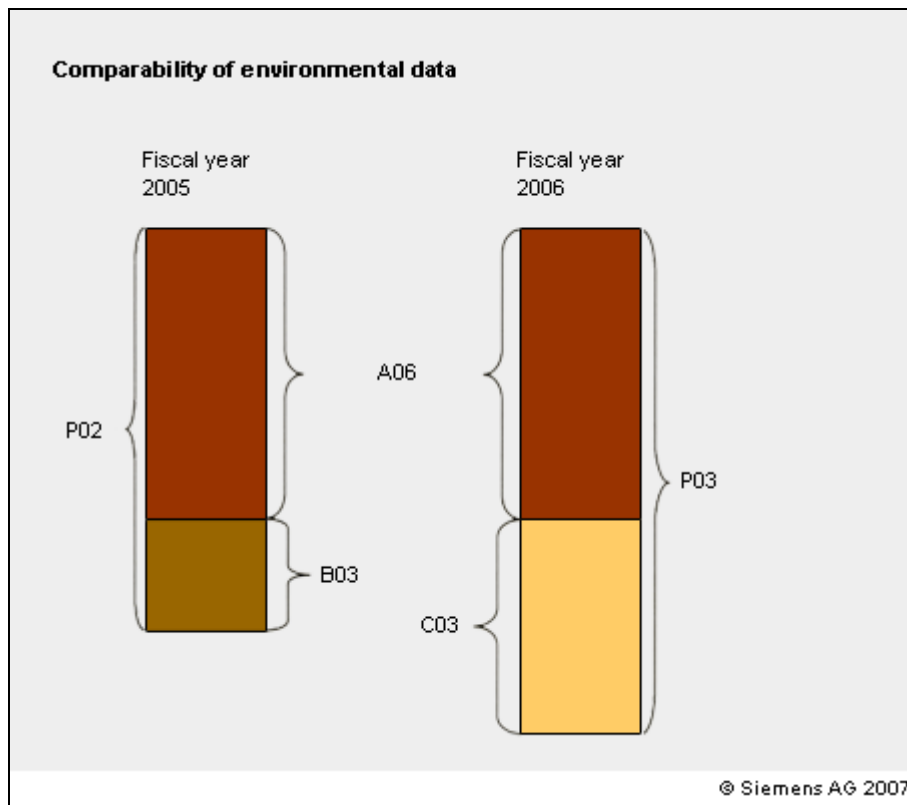
The SEIS program is subjected to continuous improvement to accommodate the demands of external stakeholders and internal users. Thus, we have broadened our collection of data on volatile organic compounds (VOCs) and were therefore able to include these compounds in our environmental reporting system for the first time in fiscal year 2005/06.

### Generating Reports: Emphasis on Comparability

Siemens' portfolio covers a vast array of industries, including transport systems, power plant equipment and construction, industrial solutions, automation and drive technology, medical devices, lighting, building technology, software and real estate management. And each of these has a different environmental relevance.

In addition, Siemens is continually buying or selling production sites and even entire subdivisions. If a subdivision with significant environmental impact, such as semiconductor technology (Infineon), is acquired or sold, this will of course have a major statistical impact. A recent example is OSRAM, where the increase in absolute energy consumption figures in 2005 was clearly due to the acquisition of OSRAM Sylvania, the US branch of OSRAM.

The biggest challenge in assessing environmental performance at the corporate level is the lack of across-the-board comparability. That's because the list of sites belonging to Siemens changes from year to year. The chart below illustrates the dynamic nature of Siemens' portfolio of production plants.



Meaning of abbreviations:

- **P05:** Number of sites that reported environmental data in SESIS in fiscal 2005.
- **P06:** Number of sites that reported environmental data in SESIS in fiscal 2006.
- **A06:** Number of sites that belonged to Siemens in fiscal 2005 and 2006 and reported environmental data in SESIS in both years.
- **B05:** Number of sites that left Siemens before fiscal 2006 and reported environmental data in 2005 but not in 2006.
- **C06:** Number of sites that reported environmental data for the first time in fiscal 2006.

We use local plant revenues to scale the environmental data. This puts the environmental impact (damage value) into relation to the generated value. This results in the following formula, which helps us to calculate the portfolio-adjusted change in environmental performance.

#### Formula for the calculation of changes in environmental performance

$$\frac{\sum_{A06} \text{Parameter}_{FY05}}{\sum_{A06} \text{Plant revenues}_{FY05}} = \text{Parameter\_ratio}_{FY05}$$

$$\frac{\sum_{A06} \text{Parameter}_{FY06}}{\sum_{A06} \text{Plant revenues}_{FY06}} = \text{Parameter\_ratio}_{FY06}$$

$$\text{Change\_in\_performance\_Parameter}_{FY06} = \left(1 - \frac{\text{Parameter\_ratio}_{FY06}}{\text{Parameter\_ratio}_{FY05}}\right) * 100$$

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We currently look at the following parameters:

- Electricity
- Fossil fuels
- CO<sub>2</sub> equivalents
- Water
- Waste

The change in environmental performance can only be analyzed for sites that belonged to Siemens in both years and also reported data in both years. This is the same concept that forms the basis for defining environmental goals. The aim of the environmental programs is to improve the environmental performance of the individual sites – not to reduce environmental impact by cleverly selecting parts of the portfolio. It is not Siemens' goal to limit itself to subdivisions that do not have a significant environmental impact or to hived off those that do.

We have compared portfolio-adjusted performance ratios with unadjusted ratios and it was clear from the results that the change in performance that would result from portfolio changes overlaps the intrinsic change in performance, that is, the change that could be achieved with an active environmental program.

## Sites Subject to Reporting Requirements

### *Our Reporting Covers 320 Sites*

Our environmental reporting covers production, R&D and large office sites. Thus, all major regions in which we operate and all of the products we make are represented. The data also includes companies in which Siemens holds more than a 50 percent stake or in which Siemens has the industrial management under the articles of incorporation.

Our reports are in the form of an annual compilation. All of the data relate to fiscal 2006 and are collected via our Internet-based reporting system SESIS (Siemens Environmental and Technical Safety Information System).

<b>Geographical scope</b>					
Our reporting includes 320 locations in 37 countries					
<b>Europe/Africa</b>	<b>203</b>	<b>Americas</b>	<b>79</b>	<b>Asia-Pacific</b>	<b>38</b>
Germany	111	USA	48	China	18
United Kingdom	15	Canada	10	India	7
France	12	Mexico	9	Korea	4
Czech Republic	11	Brazil	8	Indonesia	2
Italy	11	Argentina	2	Malaysia	2
Austria	7	Colombia	1	Singapore	2
Greece	5	Puerto Rico	1	Australia	1
Switzerland	5			Japan	1
Spain	5			Pakistan	1
Hungary	3				
Portugal	3				
Sweden	3				
Denmark	2				
Norway	2				
Romania	2				
Egypt	1				
Finland	1				
Netherlands	1				
Russia	1				
Serbia	1				
Slovakia	1				

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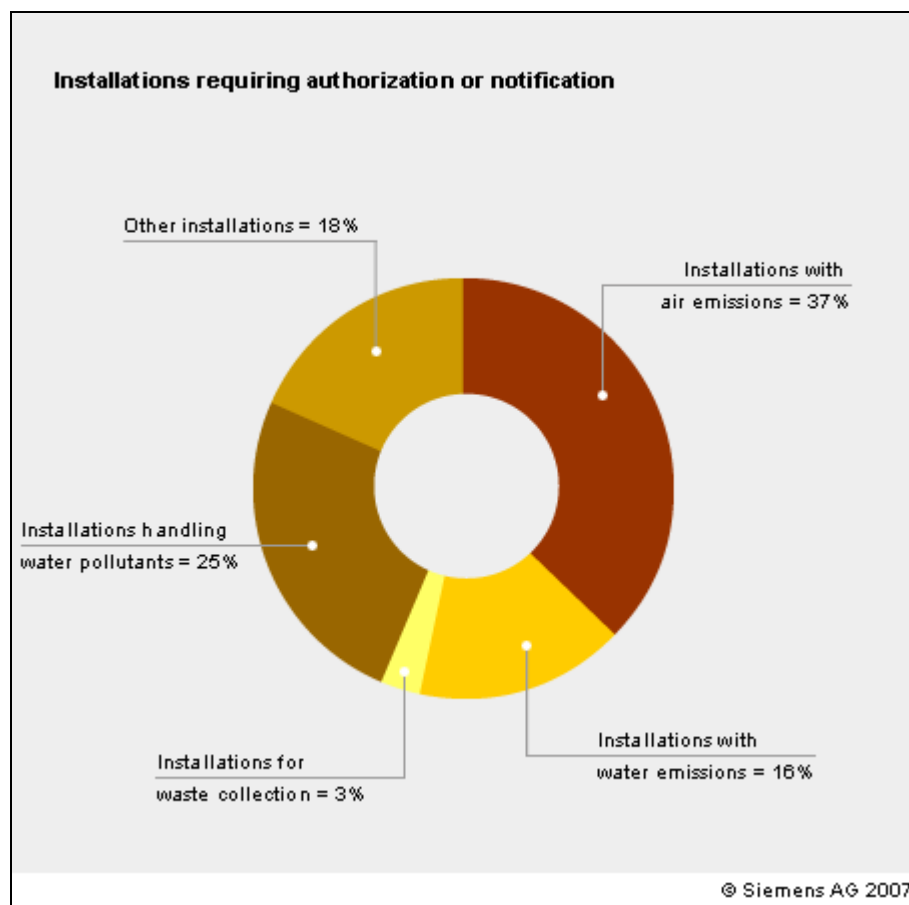
Our reporting covers 320 sites with significant environmental impact in 37 countries. The number of sites reporting has increased steadily over the years. In 2002, we had 229 sites reporting. The reports for 2006 include 48 new sites, many of which were added as a result of acquisitions. Ten sites that reported in 2005 no longer belong to Siemens.

Areas and installations					
	Germany	Europe/Africa (excl. Germany)	Americas	Asia-Pacific	Total worldwide
Number of locations included in reporting	111	86	75	38	310
Total area (millions of m <sup>2</sup> )	14.5	6.9	9.6	1.9	32.9
Buildings and paved areas (millions of m <sup>2</sup> )	5.4	3.5	3.1	0.8	12.8
Installations requiring authorization or notification	543	310	236	32	1121
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The environmental relevance of a site is based not only on resource consumption and emissions but also on the number of systems that are subject to authorization and reporting. Whether a system requires authorization or reporting is determined by legal definition and depends on the regulatory situation and practices in each country.

Acquisition of new sites increased the number of systems requiring authorization and/or reporting to 1121.

As last year, the majority of these are systems that discharge emissions into the air, followed by systems that handle water-polluting substances.



## Environmental Management

### *Continuous Improvement of Our Environmental Management Program*

Environmental management at Siemens is conducted on the basis of our company-wide, international environmental management program, which dates back more than 35 years. During this time, the environmental management program has been subjected to continuous improvement, also in the past year.

#### **Goals achieved company-wide**

As part of the 2005 Fit4more program, which ended in April 2007, we had set a goal of introducing environmental management systems (EMSs) at 85 percent of the sites with significant environmental impact by June 2007. We achieved that goal at Siemens worldwide, introducing EMSs at 88 percent of the sites.

Some Groups with a large number of new sites – added primarily as a result of mergers and acquisitions – such as the Siemens Water Technology sites belonging to Industrial Solutions and Services, are still below the 85 percent target. Preparations are currently underway at these sites to include them in the reporting system and synchronize existing and functioning environmental organizations with the Siemens environmental program.

All told, 250 Siemens sites were subject to the management system requirement in 2006, of which 221 had established EMSs that were in conformity with ISO 14 001. In addition, four medical technology sites also participate in the EU's voluntary Eco-Management and Audit Scheme (EMAS).

The criteria for determining this are resource consumption (energy, for example), waste generated or the existence of equipment that is subject to authorization. If any one of the following threshold values is exceeded, an EMS must be introduced:

■	Primary energy	5,000 Gigajoules per year
■	Secondary energy	10,000 Gigajoules per year
■	Waste water	5,000 cubic meters per year
■	Waste	250 metric tons per year
■	Special and hazardous waste	10 metric tons per year

Each organizational unit decides for itself whether to seek external certification of its operations-related environmental protection under ISO 14001 or to participate in EMAS (Eco-Management and Audit Scheme). Transportation Systems has built up a globally integrated management system for environmental protection, occupational and health safety and quality assurance for all of its production sites and major development sites. This management system was certified in December 2006.



## Atmospheric Emissions

### *Other Industrial Emissions*

Climate change and greenhouse gas emissions have recently become increasingly hot topics in political debates. But other industrial emissions have an environmental impact beyond climate change.

#### Volatile organic compounds

Volatile organic compounds – VOCs – play an important role as precursors to ground-level ozone. They are one of the causes of summer smog. Siemens uses VOCs in the form of solvents in paints, waterproofing processes, adhesives and surface cleaning.

For environmental protection and cost reasons, solvent emissions are prevented as much as possible by encapsulating the systems and employing recovery technologies and exhaust air filters. Where this is not possible, the quantities of emissions are recorded in solvent reports for the relevant production processes and, as of 2006, included in the environmental reporting system. This permits further optimization of the emissions from processes that require solvents.

At some sites with comparatively high solvent emissions, technical improvements are currently being made to production facilities to minimize the amount of solvents released into the atmosphere. In fiscal 2006, VOC emissions at Siemens worldwide totaled 1,900 metric tons.

#### Ozone-depleting substances

The use of ozone-depleting substances (ODSs) – in this case, we're referring to the ozone layer in the stratosphere – is heavily restricted under the Montreal Protocol and under country-specific regulatory initiatives around the world. Siemens also sharply reduced its use of these substances and now uses only a few refrigerants with ozone-depleting potential that could not yet be replaced with environmentally friendlier substances.

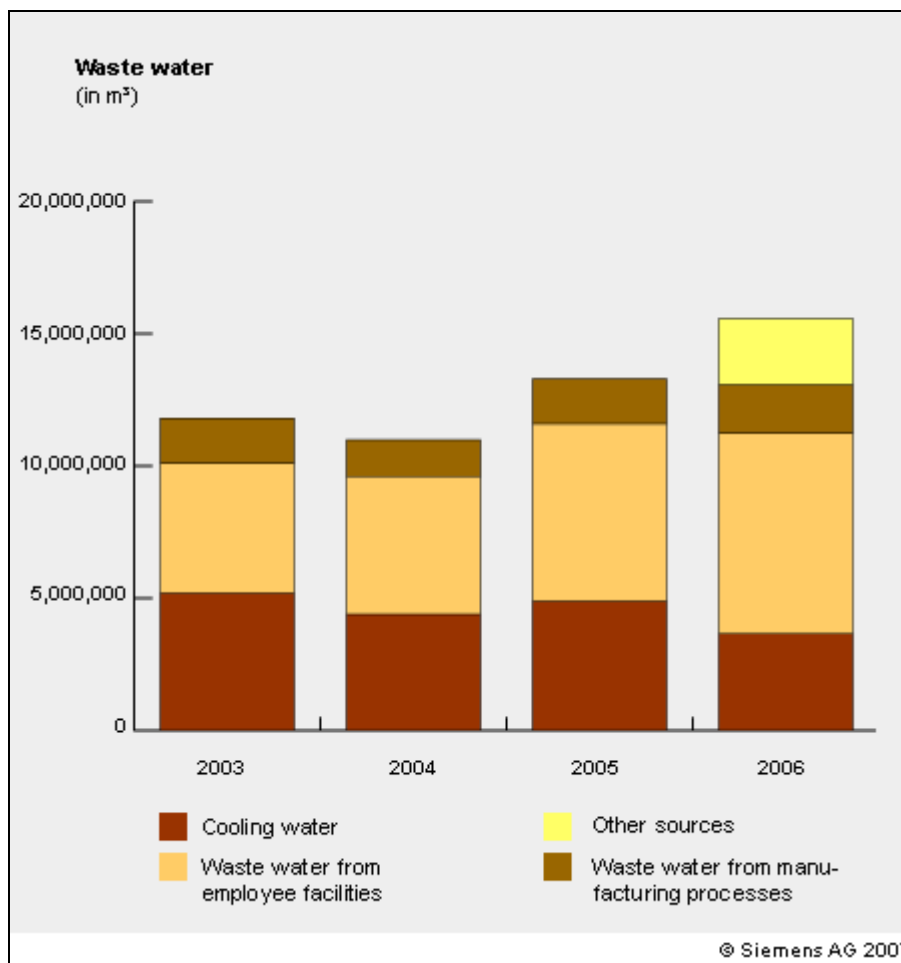
Systems that use refrigerants are used for room air conditioning and in production, for example for cooling injection molding machines. Wherever possible, we now use refrigerants that have no ozone-depleting potential in accordance with the current state of the art and current regulatory requirements. In fiscal 2006, emissions of ODSs at Siemens worldwide still totaled 0.2 metric tons of R11 equivalents.

## Water and Waste Water

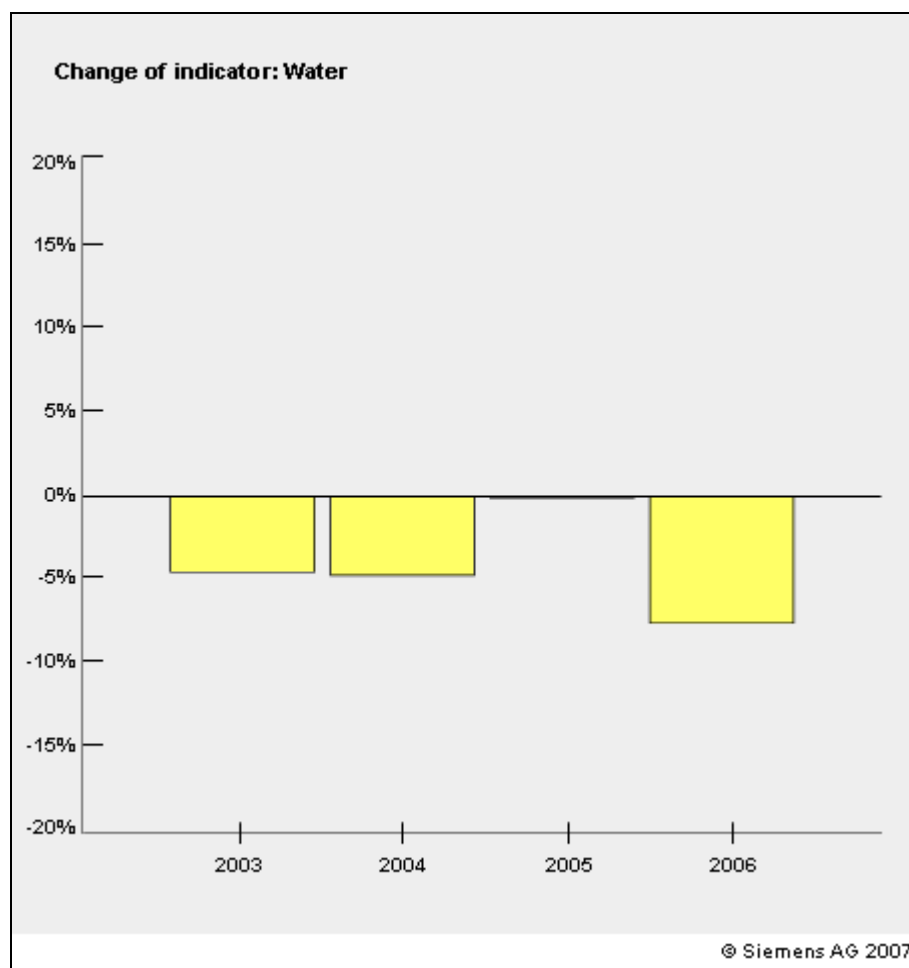
### *Water Consumption and Waste Water Generation*

In fiscal 2006, we drew around 15.9 million cubic meters of raw water. (This does not include consumption of approx. 10.2 million cubic meters of cooling water, which is drawn from and returned to water supplies unchanged.) Thus, Siemens' water consumption is largely unchanged compared with the year-earlier period. The sites that have already been reporting for some time use their water more efficiently and the new sites are not particularly "water intensive." This is expected to change next year, when the Siemens Water Technologies (formerly US Filter) sites, where water figures are high, will be integrated for the first time. The figure for the absolute volume of waste water increased last year, due primarily to improved data collection, which was needed in order to better compare fresh water consumption with waste water generation. Now, for instance, lost water and water used to irrigate green space are also included in the calculation (combined under "Other" in the chart below).

The higher water consumption in 2005 compared with 2004 is due primarily to the acquisition of OSRAM-Sylvania sites in 2005. These sites are not only highly energy-intensive but also very water-intensive. Without them, the volumes of water used for production and cooling at Siemens worldwide would have decreased over the same period. The higher water consumption in 2005 compared with 2004 is due primarily to the acquisition of OSRAM-Sylvania sites in 2005. These sites are not only highly energy-intensive but also very water-intensive. Without them, the volumes of water used for production and cooling at Siemens worldwide would have decreased over the same period.



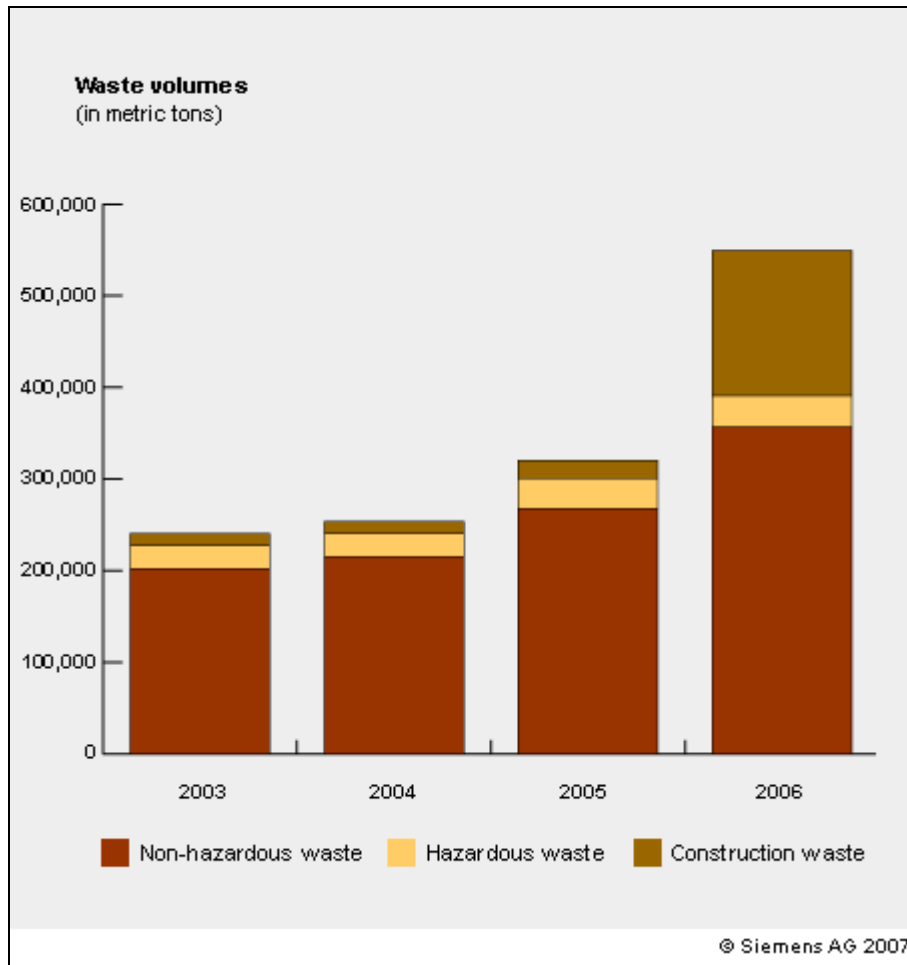
Based on the overall performance ration, the sites that reported in both 2005 and 2006 made more efficient use of water in 2006.



## Waste

### *Waste Generation and Recycling*

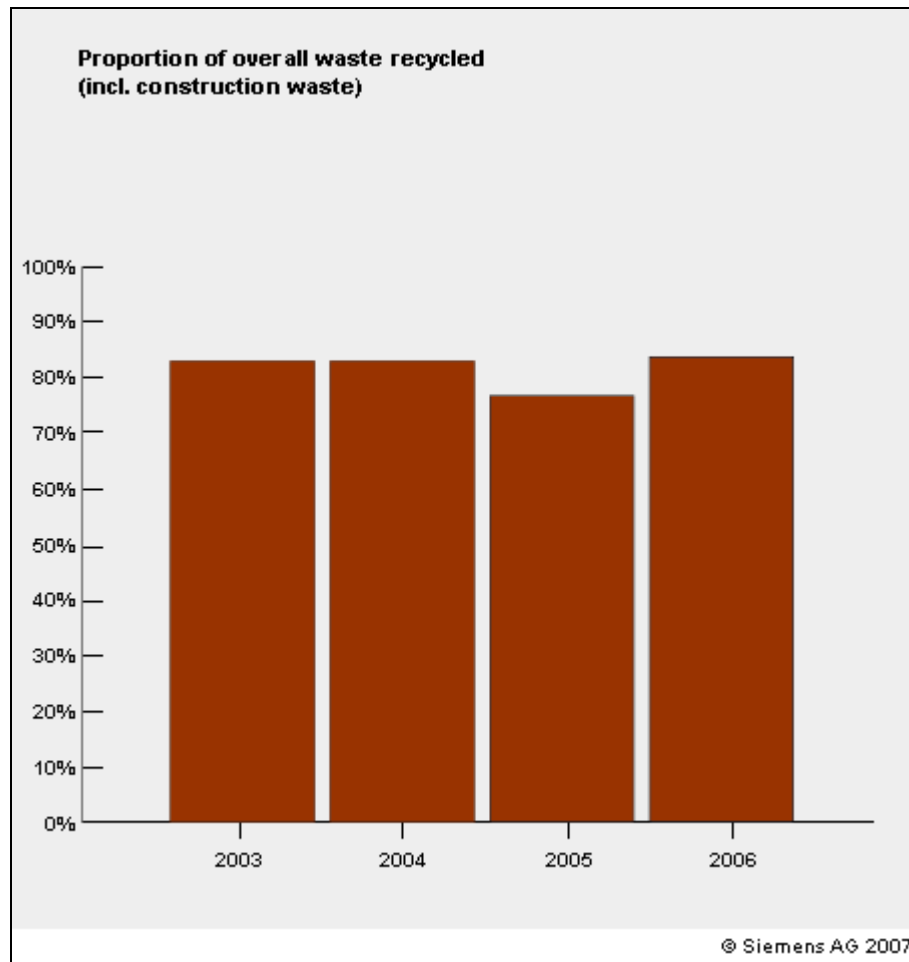
We differentiate between hazardous and non-hazardous waste, which further break down into waste that is recycled and waste that is disposed of. Since the amounts of building rubble and excavated material depend heavily on construction and demolition activities and can have a considerable impact on total waste figures, we report these materials separately. Our waste statistics include only waste generated by Siemens. Waste that we dispose of on our customers' behalf is not included.



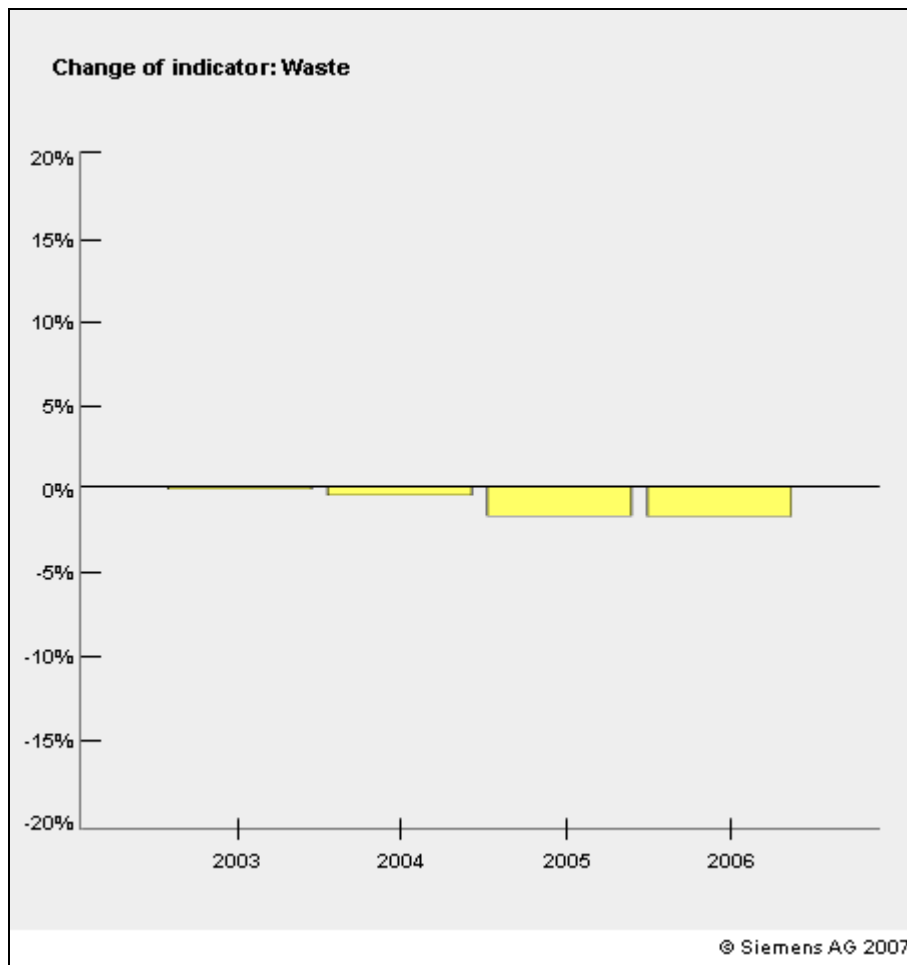
Absolute waste generation (excluding building rubble) increased over the past few years because the number of sites included in our environmental reporting system SESIS has grown. Some of the plants we have added through acquisitions have high waste generation figures because of their processes. The 18 OSRAM-Sylvania sites of our affiliate OSRAM in the US were included for the first time in 2005.

The increase in waste volume in 2006 is primarily attributable to the Automation and Drives (A&D) Group. Waste generated by this Group doubled last year as 26 new Group sites were integrated into the reporting system, including Flender, which manufactures large gear units for ships and wind turbines.

The largest share of the building rubble comes from a special construction project of our Power Generation Group in Duisburg. There, an acquired existing site was cleaned up, involving the excavation and processing of 123,000 metric tons of contaminated soil. Now, the land is the site of a huge state-of-the-art testing center for gas and steam turbines and compressors for combined cycle power plants.



By far the largest share of our waste is passed on to be recycled. We recycled 83 percent of the waste generated by Siemens worldwide in 2006.



A look at the portfolio-adjusted ratio clearly shows that environmental performance in terms of waste management has not deteriorated – in fact, it has improved slightly. A sharp increase in the volume of waste in 2006 is not yet included in the portfolio-adjusted change in the performance ratio for waste because data for the new sites is currently available for only one fiscal year. These sites will not be included in the performance calculation until the next fiscal year.

Achieving our target of improving environmental performance with respect to waste by 15 percent in five years will be a major challenge.

At present, only the sum of the volumes of waste – excluding building rubble – is calculated. No distinction is made between hazardous and non-hazardous waste or between recycled waste and waste that is disposed of. Although this is the type of assessment of waste management that is most commonly required, it offers too little incentive to improve performance in a purposeful manner. Reducing the mass of hazardous waste yields only a minor improvement in the overall indicator, even though the improvement in environmental impact is considerable. This method also offers no incentive to improve recycling rates, which the current waste indicator ignores completely. Both of these aspects will be incorporated into a more refined waste indicator in the future.

## RoHS Directive

### *Restrictions on Substances Used in Products*

Our in-house standard on product environmental compatibility, SN 36 350, includes a section listing substances that are to be avoided in our products. Our goal is to avoid problematic substances above and beyond statutory requirements and as far as is technically and economically possible.

As part of our Fit4 2010 company program, we will also examine options for avoiding and substituting a number of selected substances.

### **Compliance with the RoHS Directive**

Siemens has met the requirements set out in EU Directive 2002/95/EC on the restriction of the use of certain hazardous substances in electrical and electronic equipment (the RoHS Directive) since July 1, 2006. Among other things, RoHS limits the use of lead in solder and electronic components, hexavalent chromium in corrosion resistant coatings, and certain flame retardants in electronic products.

Complying with these requirements involved a considerable effort across the supply chain as well as changes to manufacturing processes. We have also signed contractual agreements with suppliers binding them to standards on materials and components for RoHS end-user products that exceed their statutory obligations. The transition to lead-free soldering in the manufacture of RoHS products was accomplished quickly to ensure punctual volume availability.

We are also engaged in a voluntary transition to RoHS compliance in products not covered by the Directive. As part of our Fit4More-Corporate Responsibility program, concluded in April 2007, a number of Siemens operating Groups, including Siemens Building Technologies (SBT), Automation & Drives (A&D) and Power Transmission & Distribution (PTD), committed to a voluntary transition to RoHS. All new products developed at A&D since July 2006 have been designed for RoHS compliance; Siemens Building Technologies plans to voluntarily transition all its products in 2008; and Power Transmission & Distribution's Energy Automation Division is developing new products that meet RoHS requirements.

Customers needing information on specific products should direct inquiries to their Sales contacts in the Siemens operating Groups.

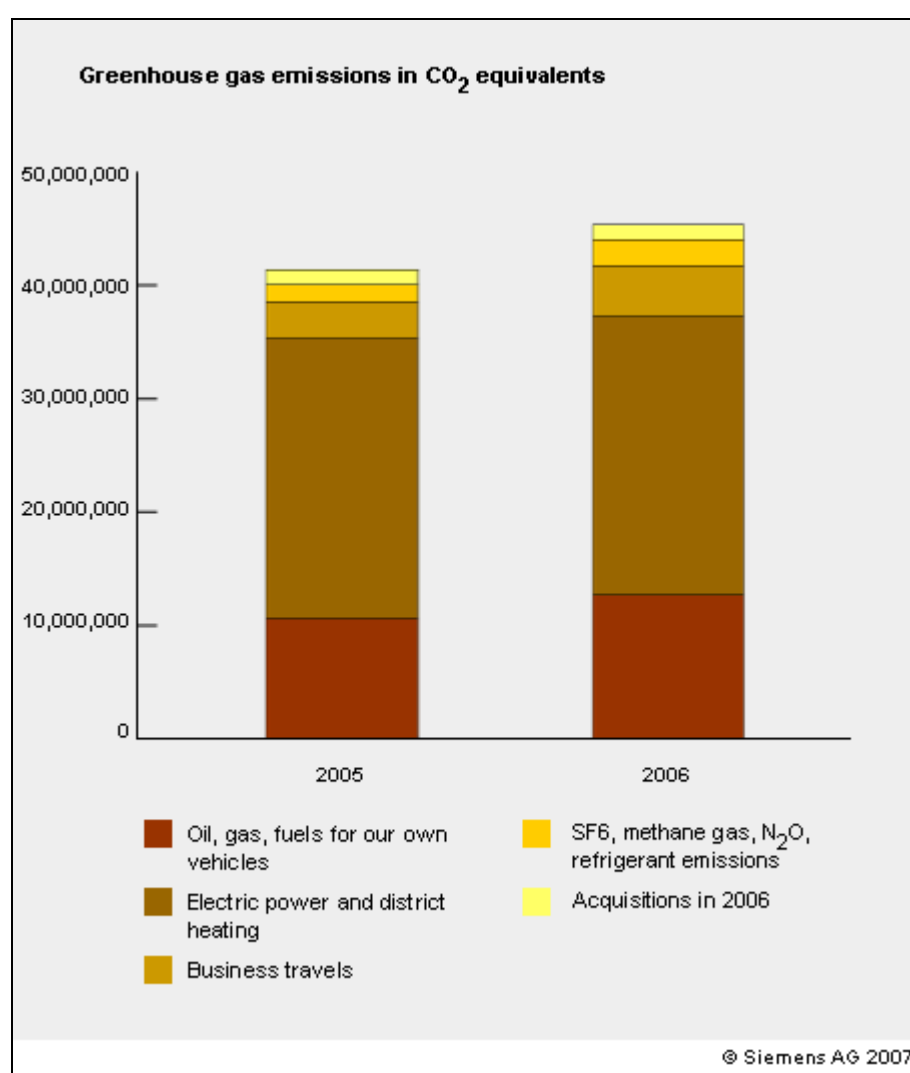
Mechanical and plant engineering products made by Groups like Industrial Solutions (I&S) and Power Generation (PG) are used in far tougher operating environments than electronics products and need much better corrosion protection as a result. The materials used in these products are therefore classed differently and are not subject to the same rules.

## Climate Protection

### Climate Protection and Energy Efficiency

#### Greenhouse Gas Emissions: 4.53 Million Metric Tons of CO<sub>2</sub>-Equivalents

Siemens' reporting of greenhouse gas (GHG) emissions is based on the reporting standard developed by the World Business Council for Sustainable Development and World Resource Institute (WBSCD/WIR GHG Protocol), the most widely used global standard for corporate accounting of greenhouse gas emissions. Statements are made regarding the company's total emissions. We have selected 2005 as the base year (year one) for tracking Siemens' GHG emissions over time. Emissions in 2006 amounted to 4.53 million metric tons of CO<sub>2</sub> equivalents. The largest portion, 2.46 million metric tons, comes from electric power consumption and district heating. The carbon dioxide is actually produced at our utility suppliers' facilities but is attributed to Siemens.



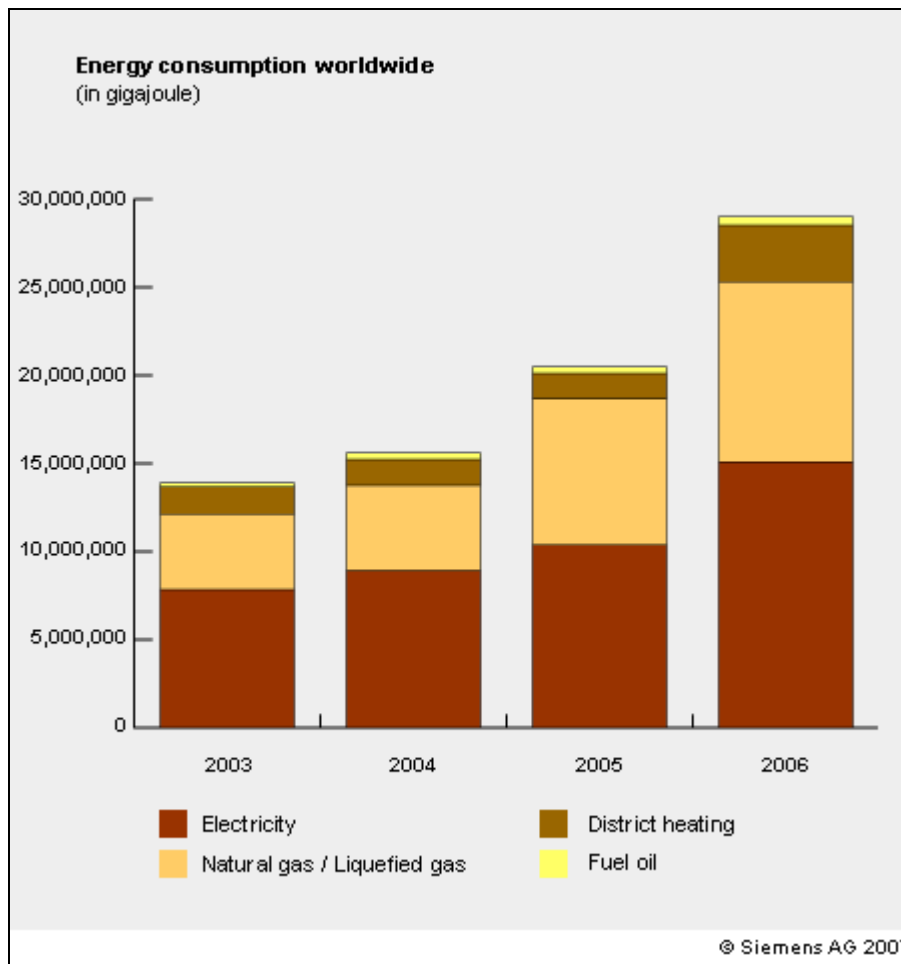
The second-largest portion, 1.26 million metric tons, is generated through the burning of oil, gas and other fuels in our own facilities and vehicles. Business travel by airplane, rail and rental car resulted in 0.45 million metric tons of CO<sub>2</sub> emissions.



The use of methane gas for technical purposes and of nitrous oxide and sulfur hexafluoride (SF6) in the manufacture of switchgears resulted in unavoidable emissions of 0.23 million metric tons of CO<sub>2</sub> equivalents. For companies that were acquired and consolidated in 2006 and are not yet included in the reporting systems, we have used a procedure for calculating GHG emissions that puts emissions at 0.13 million metric tons. This figure has been added to our total emissions figure.

The increase in emissions in 2006 can be attributed to better collection of data for business travel and to the fact that 2006 was the first year in which data was collected on the technical use of methane gas, the use of nitrous oxide and refrigerant emissions. And although we had been collecting data on SF6 in Germany for a decade, we further improved collection of this data at our sites outside Germany in 2006. Overall, these improvements resulted in a considerable increase in the emissions reported compared with 2005, to 0.23 million metric tons of CO<sub>2</sub> equivalents.

### Energy Consumption: Reduced Energy Consumption

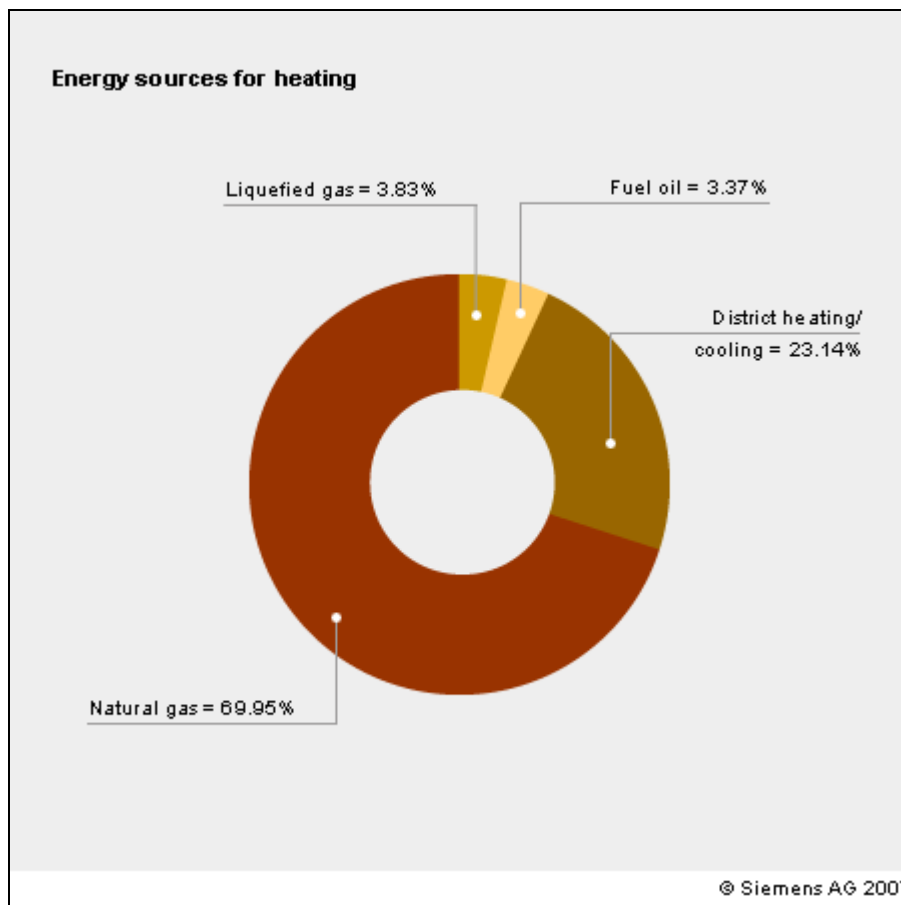


Energy consumption at Siemens totaled 29,005,976 GJ in the reporting year. Of this, 15,103,940 GJ were electricity, 10,216,306 GJ natural gas/liquefied petroleum gas (LPG), 3,216,598 GJ district heating and 469,132 GJ hard coal. This consumption relates to 77 percent of Siemens employees worldwide.

Apart from the actual amounts of electricity, the emissions factors of electrical power generation were also collected for calculating CO<sub>2</sub> intensity for the first time in 2006. According to our estimates, approximately 15 percent of the electricity used by Siemens worldwide is produced using renewable resources. Much of this is in Brazil, Norway, Southern Germany and Austria, where a large share is hydroelectric power.

Electricity is indispensable in both production plants and offices and is used in a wide variety of applications, including drives, soldering units, lighting and office equipment.

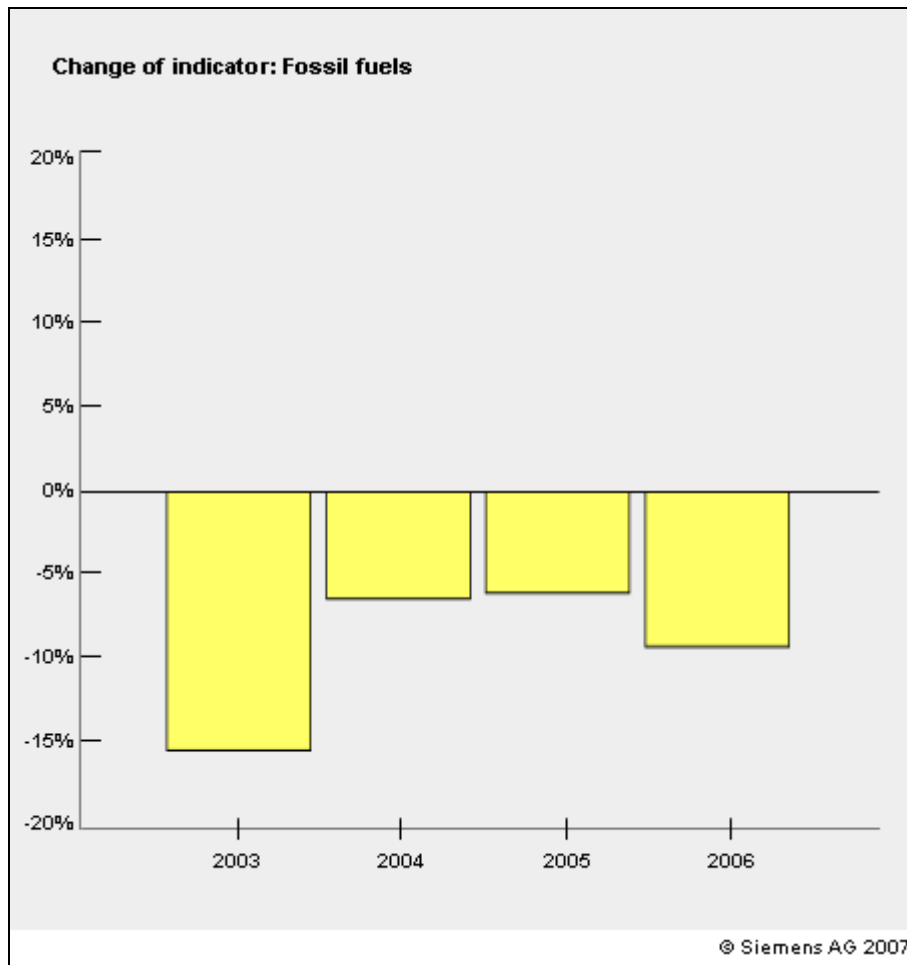
Natural gas, fuel oil and LPG are used for heating and in production. Major consumers include aluminum smelting facilities for engine production, glass melting furnaces for light bulb production and the dryers of large paint shops. Of the heat used, 70 percent is produced using environmentally friendly natural gas while another 23 percent is district heating. LPG and fuel oil make up less than 8 percent of heat generation.

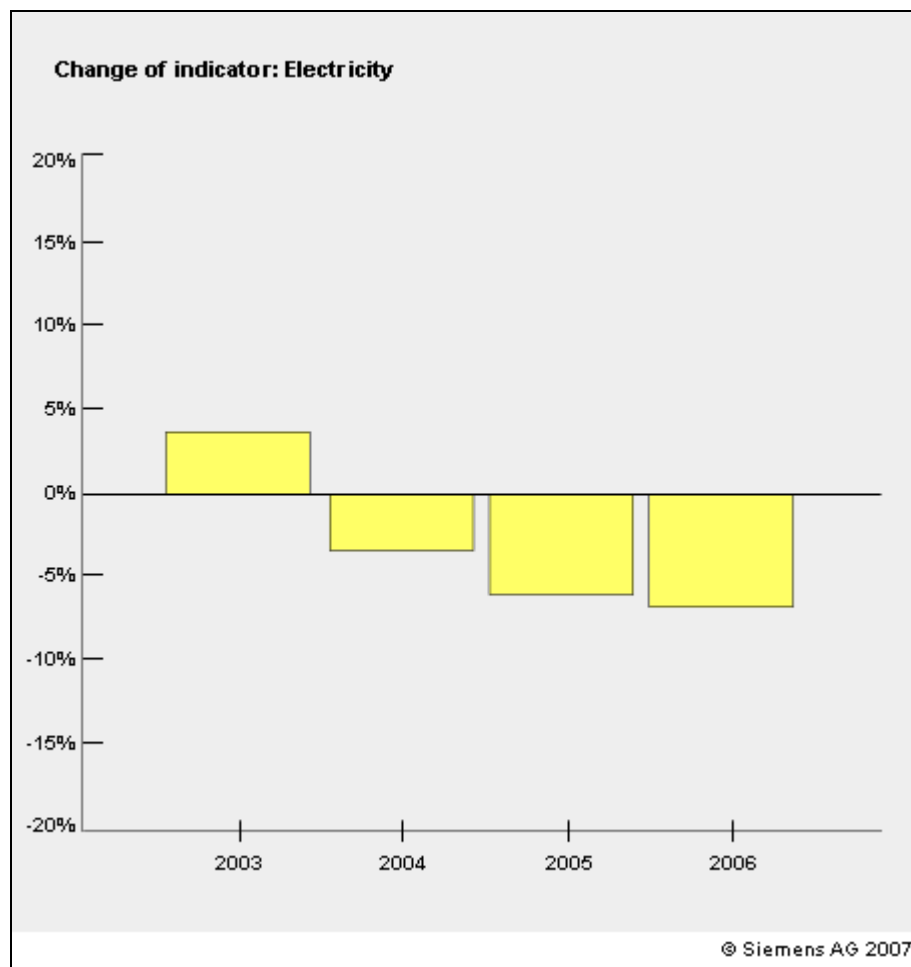


## Indicators

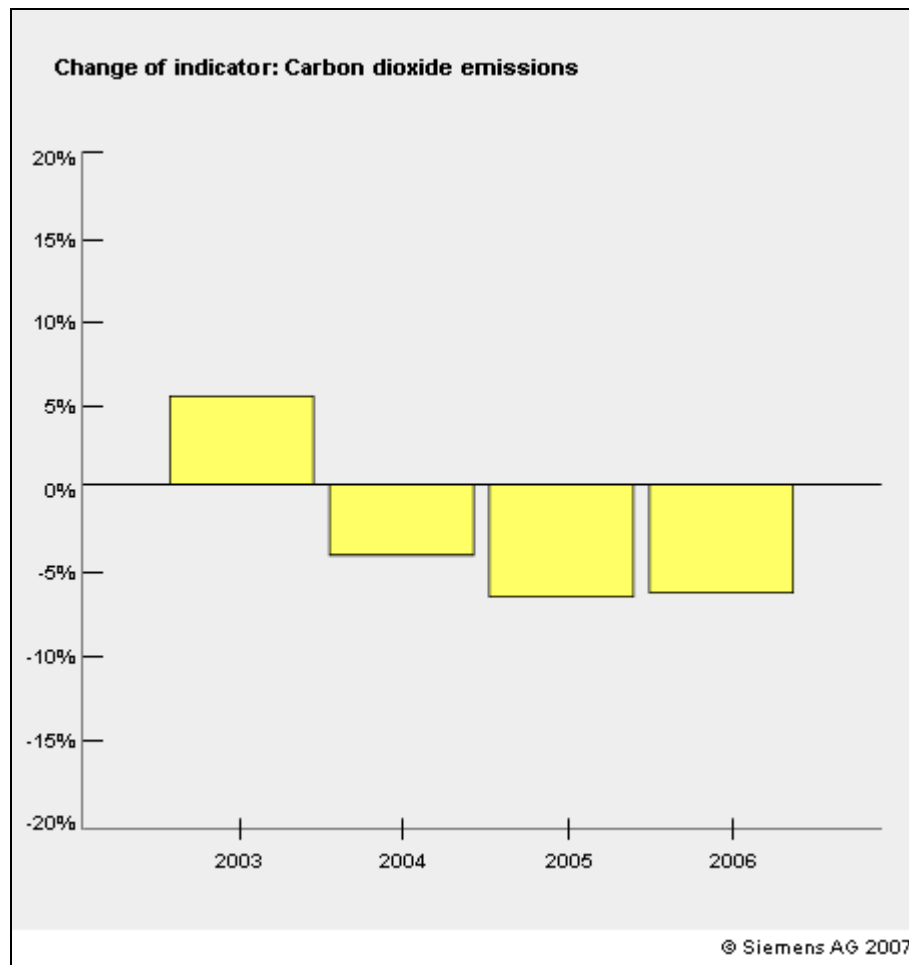
The chart shows a steady increase in energy consumption each year since 2003. This absolute increase is attributable to the fact that environmental reporting has continually improved. For 2006, consumption data for 64 locations are included for the first time. These locations did not report in years past.

Relative to the consuming units' revenues, energy consumption has actually decreased! Analyses show a 3.5-7 percent per year reduction in electricity consumption and even a 6.4-15 percent per year reduction in primary energy consumption relative to plant revenues.





The combined electric power and primary energy CO<sub>2</sub> indicator has changed accordingly:  
Since 2004 it has dropped by 4.6-7 percent annually.



This reduction is also due in part to the efforts of the specialists responsible for energy management at Siemens, who are continually seeking and implementing technical and business innovations to optimize energy consumption.

Siemens Real Estate, which is responsible for buildings and infrastructure, developed and implemented the Natural Resources Program to identify and implement potential savings worldwide.

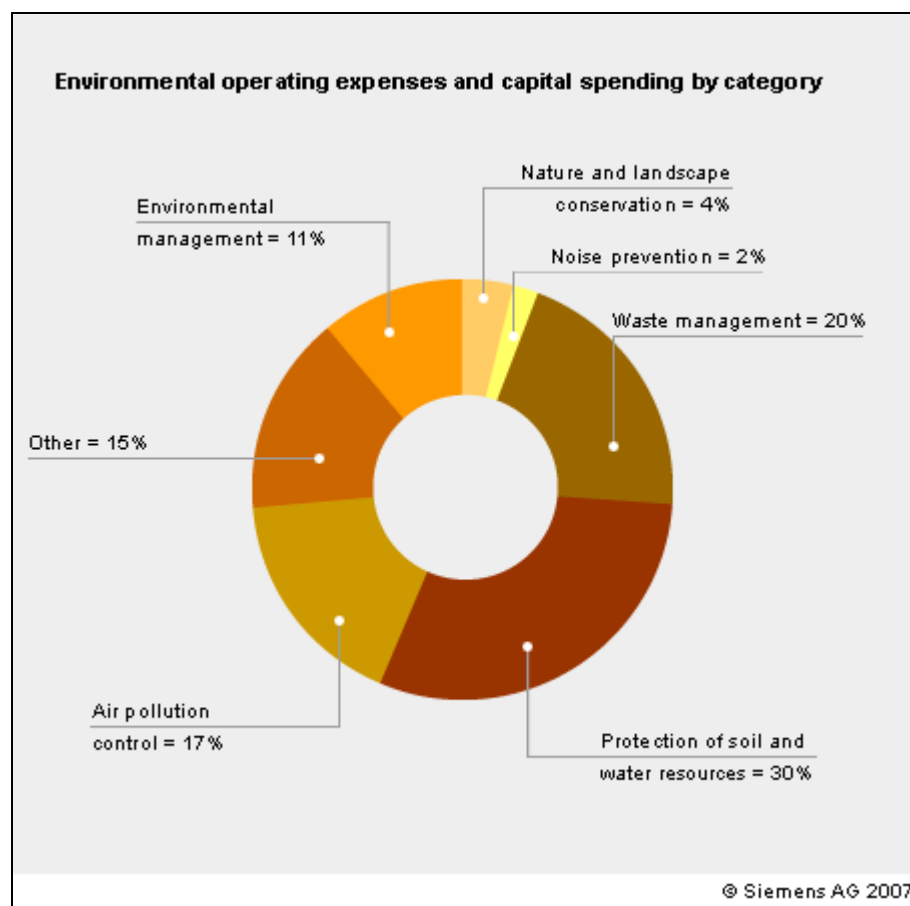
## Ongoing Expenses and Capital Expenditure

### *Prevention of Water Pollution and Waste Management Make up the Largest Share*

In fiscal 2006, we put €50 million toward ongoing expenses and €21 million toward capital expenditures relating to environmental protection. As in years past, spending for the prevention of water pollution and waste management make up the largest share of traditional operations-related environmental protection spending, followed by air pollution prevention. Capital expenditure and ongoing expenses that are clearly connected to an environmental issue, such as preventing air pollution or noise abatement, are counted in the environmental protection figure. This includes end-of-pipe solutions as well as measures that are integrated into production. It also includes expenses associated with initiating and maintaining an environmental management system.

A look at our spending on environmental protection shows that environmental protection is an integral part of our business processes. It is taken into account in our production, sales and product development. In our factories, we often take measures that are necessary from a manufacturing or business perspective but also reduce our environmental impact. However, these expenses are not reported as environmental protection spending. In other words, we spend more on environmental measures than we can show in our environmental reporting.

Environmental protection has a long tradition at Siemens. In years past we invested heavily in the construction of waste water treatment and air pollution control systems and in implementing an environmental management system. These systems now simply need to be maintained. Because of these past investments, which are paying off today, we now can spend less on environmental protection. For example, we spent around €110 million on environmental protection back in 1995.



## Environmental Targets under Fit4 2010

Fit42010 has been launched as the successor to our companywide Fit4More program. The following are the core points of the new Siemens environmental program based on the experience gained under the Fit4More environmental program:

- Further improving environmental reporting
- Implementing environmental management systems (EMSs) at newly acquired sites and increasing the maturity of EMSs at existing sites
- Boosting resource efficiency as quantifiable environmental targets.

While the principles underlying the first two points are already quite familiar, it was a challenge for Siemens – which has a very broadly diversified product and production range and an increasingly dynamic portfolio – to establish basic principles for fairly evaluating improvements in resource efficiency.

Such principles were needed before we could define quantifiable targets for improving environmental performance across Siemens worldwide. The portfolio adjustment method, created for this purpose, allows us to consistently obtain a picture of performance relative to revenue growth. Under this method, for any two consecutive years, only those parts of the company that belonged to Siemens and were subject to Siemens environmental policy in both years are taken into consideration.

In the first stage of the target-setting process, we estimated potential for improving environmental performance at sites with significant environmental impact. It became apparent that local environmental management had already worked well in the past as the last three years have generally seen efficiency improvements with respect to energy, water and, to some extent, waste. In the second stage, we defined quantifiable targets for improving environmental performance in the next five years, relative to fiscal 2006:

■	Energy / CO <sub>2</sub> (correlated goal)	20%
■	Water	20%
■	Waste	15%

These targets relate to production sites in the entirety of Siemens worldwide and represent about 80 percent of the above mentioned resources. The Groups have taken on these targets and define achievement at their sites within their own Group programs. At the sites themselves, the targets are implemented through environmental programs.

## Advancing People Means Investing in Society

We “invest in people” – within and beyond the company: in their education, in their professional skills, and in their ability to perform, as well as in a societal environment that encourages and supports positive development. Initiatives and projects that contribute to people realizing their talents and their potential have a particularly enriching impact. This is why Siemens fosters a corporate culture that seeks to nurture and advance employees, provide attractive workplaces, and support and sustain host communities.

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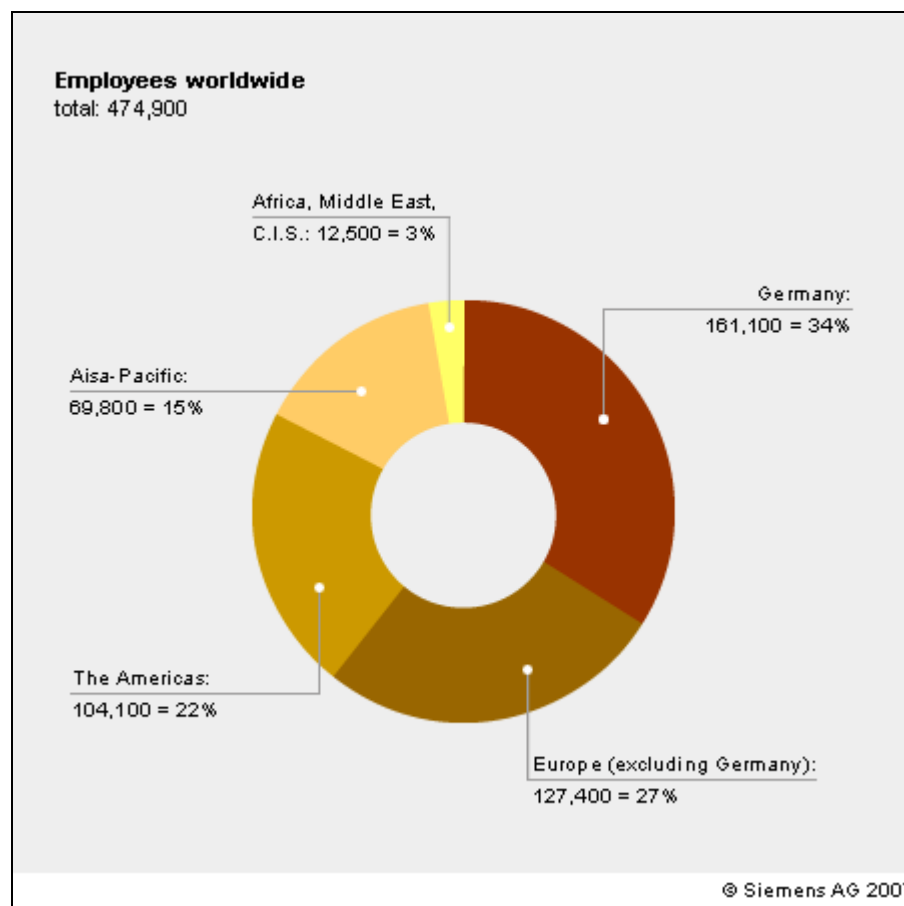
## Our Employees

### Data and Facts

Our excellent employees are the basis for our success. Their contribution enables us to ensure that we meet and even exceed the expectations of our customers and investors. That is why we place great importance on the qualifications of our employees, whether with regard to the new appointment of university graduates, their promotion or in-house training and further education.

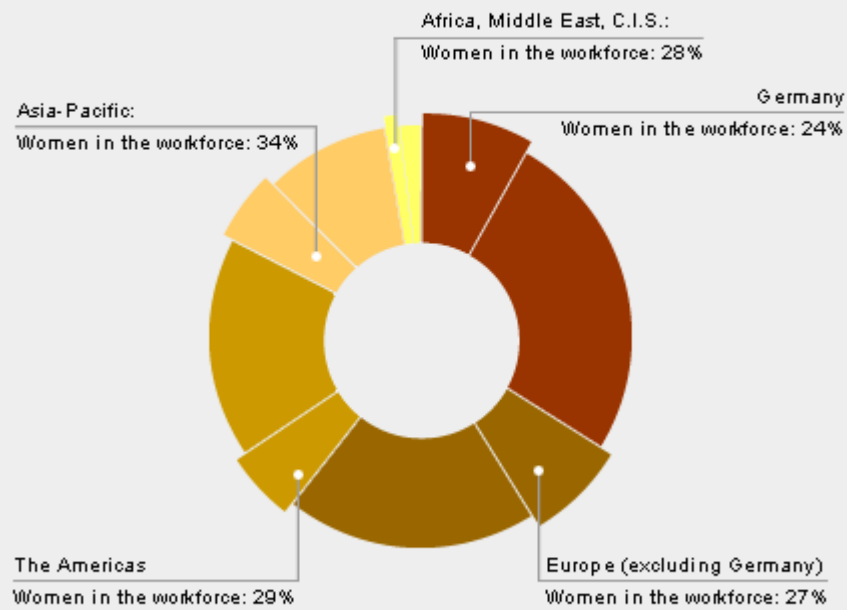
### Employees worldwide

At the end of the 2006 fiscal year, Siemens had 474,900 employees worldwide. Of this total, more than 60 percent worked outside Germany. Siemens is currently active in around 190 countries. We again boosted our global presence, particularly in the key growth markets of Asia, where the number of employees increased from 57,600 to 69,800 within the fiscal year.



### Employees worldwide

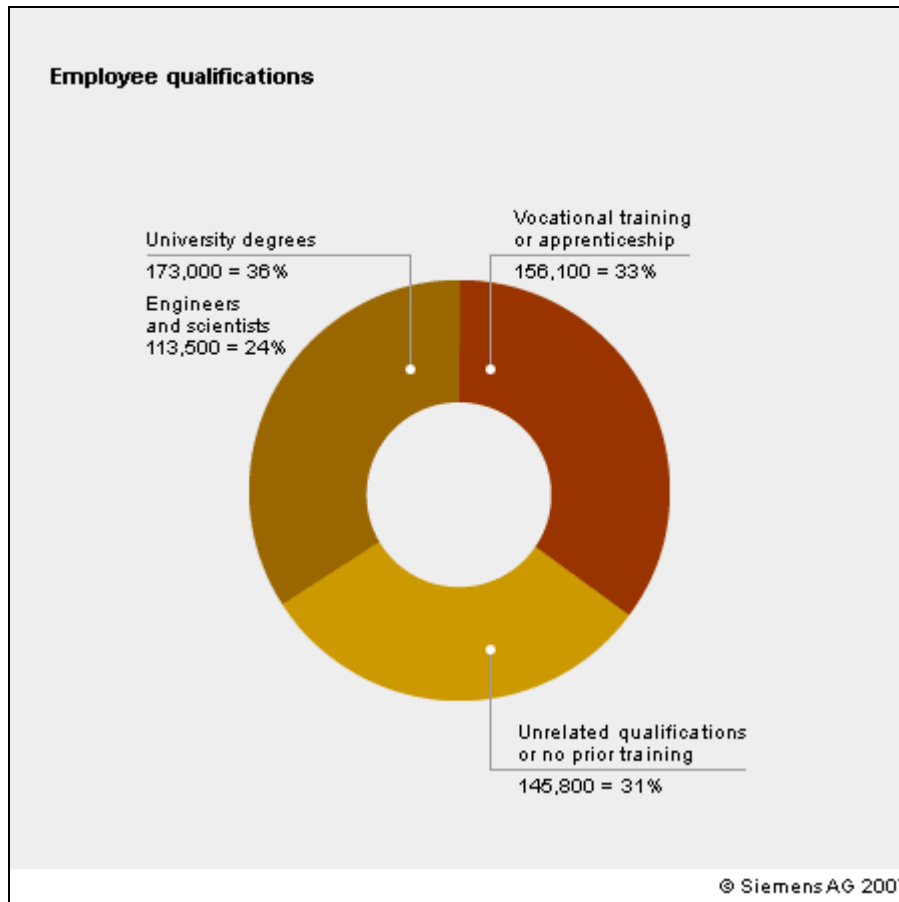
women in the workforce total: 27%



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## Employee qualifications

We do everything in our power to find, recruit and systematically develop exceptional employees. Over the past fiscal year, the percentage of employees with university degrees increased by 8,5 percent: 173,000 employees (158,300 in the preceding year), or 36 percent of the total workforce, have a university degree. 33 percent of our employees have earned a vocational school diploma or completed an apprenticeship. 33 percent of our employees have earned a vocational school diploma or completed an apprenticeship.

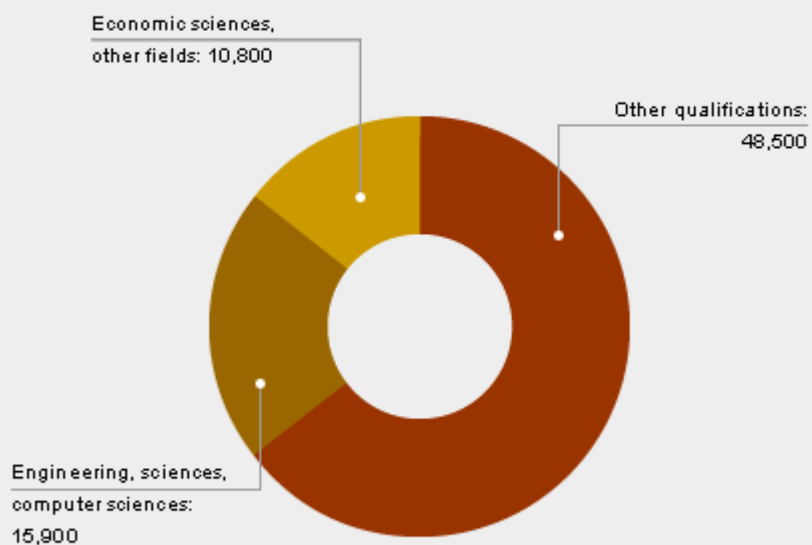


## New hires

In 2006, Siemens hired 75,200 new employees worldwide, 13,800 more than in the previous year. Of the new employees, 36 percent have a university degree.

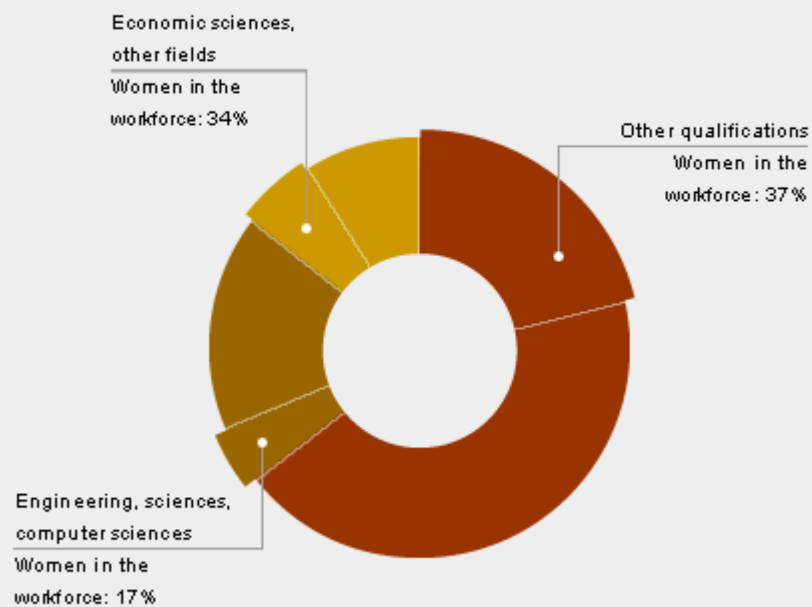
Around two thirds (15,900) of the new university-educated employees are engineers or scientists. As these figures show, we continue to boast a highly qualified workforce.

**New hires**  
total: 75,200



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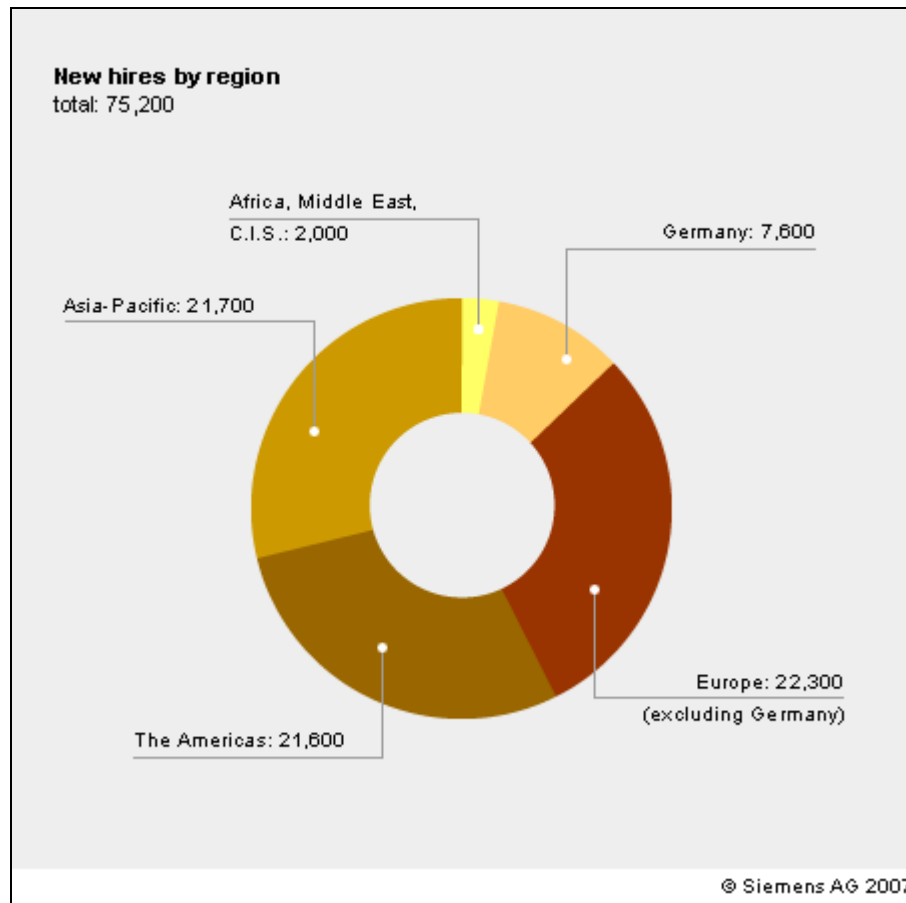
**New hires**  
women in the workforce: 32%



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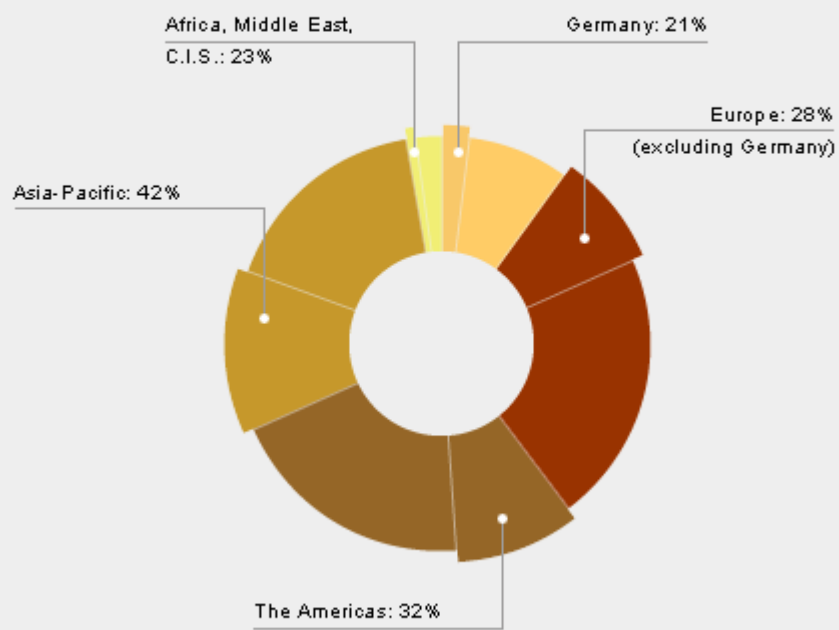
## New hires by region

An examination of the new hires according to region shows that Siemens has employed around 22,000 employees respectively in the regions of Europe (excluding Germany), the Americas and Asia/Pacific. Of the three regions named, growth was greatest in the Asia/Pacific region at 31 percent.



### New hires by region

women in the workforce: 32%

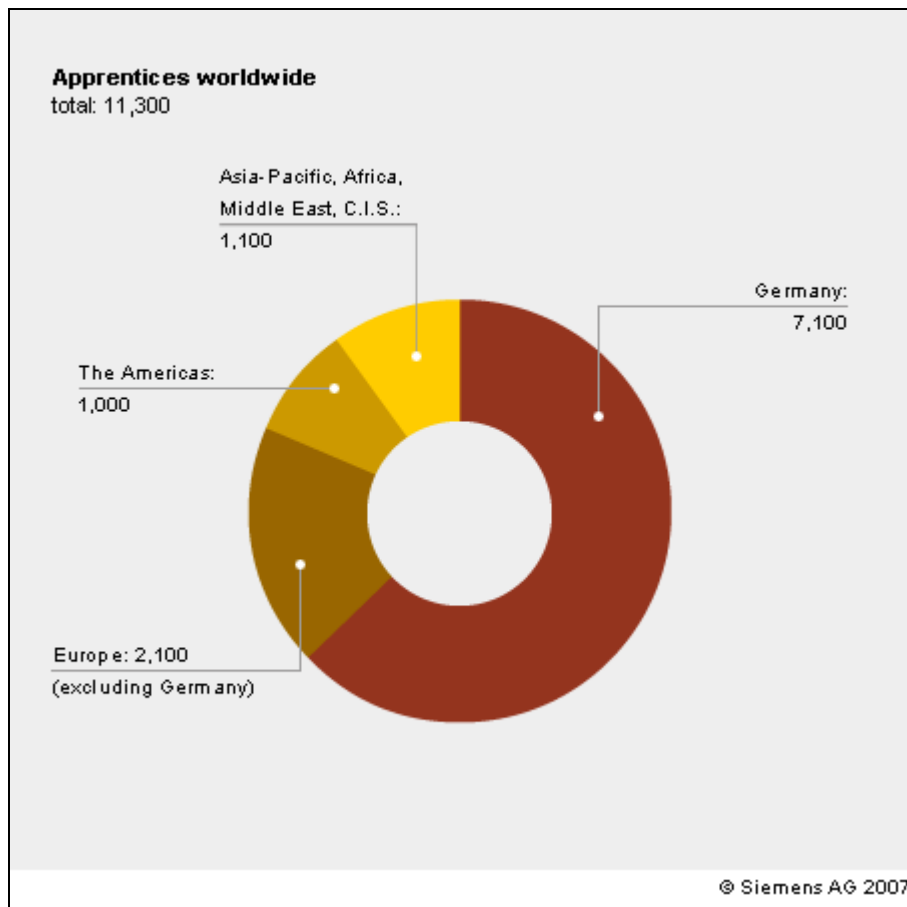


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## Worldwide vocational training programs

Siemens has long been a respected and constant partner in the training of young people. As in previous years, some 11,300 young people at Siemens were enrolled in our apprenticeship or work-study programs. Around 8,600 of them were training for technical professions while 2,700 were preparing for jobs in business administration.

Siemens provides vocational training in more than 30 countries. We are exporting Germany's proven dual training system, which combines theory and practice, to many of our regional companies around the world where the system is adapted to country-specific conditions. These programs enable us to maintain an outstanding workforce and contribute to the high quality of our products and services.



## Employment development over four years

Due to acquisitions and divestments, the size of our workforce fluctuates every year. Siemens' acquisitions in the 2006 fiscal year included Bayer Diagnostics and Diagnostic Products Corporation in the U.S., the companies Electrium in the UK, Wheelabrator in the U.S., the technology and engineering activities of the Sustec Group in Switzerland and CNC Water Technologies, Inc. in China. Whereas the carrier business of the former business area Communications was incorporated in a joint venture with Nokia, the mobile phone activities were sold and the former business area Logistics and Assembly Systems was dissolved.

<b>Workforce growth over the past four years</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Total employees	416,600	430,300	460,800	474,900
Management-level employees	58,400	60,400	64,300	55,000
Women in the workforce	27 %	27 %	27 %	27 %
Women in management	9.0 %	9.7 %	10.6 %	12.2 %

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## Women at Siemens

As of 30 September 2006, around 128,700 women were employed at Siemens, comprising an unchanged 27 percent of the workforce. When examined according to region, the proportion of women is once again above average in the Asia/Pacific region at 34 percent.

<b>Women in the workforce</b>			
	<b>Employees</b>	<b>Women in the workforce</b>	<b>Women (percent)</b>
Employees worldwide	474,900	128,700	27
University graduates	173,000	34,000	20
New hires	75,200	24,300	32
New hires with university degrees	26,700	5,600	21
Technical apprentices	8,600	1,000	12
Business apprentices	2,700	1,600	59
Managerial employees	55,000	6,700	12.2

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## Personnel costs

Based on continuing operations, the average number of employees in the 2006 fiscal year was 472,500, compared to 439,400 in the previous year. Part-time employees are included on a proportionate basis. Expenditure on wages and salaries, social welfare contributions and pension benefits totaled € 29.4 billion (26.6 billion in the previous year).

<b>Personnel costs</b> in millions of euros		
	<b>2005</b>	<b>2006</b>
Wages and salaries	21,680	23,656
Statutory social welfare contributions and expenses for optional support payments	3,576	3,942
Expenses relating to pension plans and employee benefits	1,390	1,798
	<u>26,646</u>	<u>29,396</u>

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## Pension benefit payments

Siemens provides its employees in Germany and 30 other countries with defined benefit pensions. The main pension plans encompass around 535,000 employees, including 252,000 current employees, 91,000 former employees with vested rights and 192,000 retirees and surviving dependents. In the 2006 fiscal year, Siemens paid out EUR 1,125 million in pension benefits.

<b>Pension benefits</b> in millions of euros			
	<b>Total</b>	<b>In Germany</b>	<b>Outside Germany</b>
2004	991	715	276
2005	1,032	751	281
2006	1,125	788	337

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## Occupational Health and Safety

### Good workplace record due to a wide range of initiatives

Thanks to tough and innovative health and safety requirements in our plants and offices, we have a good workplace safety record and low accident figures. In fiscal 2006, we engaged in a wide range of initiatives to continue implementing our global occupational health and safety guidelines. We will roll out a new worldwide health and safety reporting system in fiscal 2008.

### Optimizing Occupational Health and Safety

#### *Programs and plans for training activities in 2006*

Substantial progress was achieved in 2006 in many areas, including operational health and safety, through the implementation of the new guidelines.

#### Progress in occupational health and safety

The following steps were taken to optimize health and safety in fiscal 2006:

- Manager training activities (including for senior managers) were stepped up in 2006.
- OHS indicators were developed and implemented in the form of Balanced Scorecards.
- A plan for incorporating work safety and health protection into the worldwide training concept for project managers (PM@Siemens) was developed.

#### Regional Companies' employee health and safety initiatives

##### France

In 2006 and 2007, the General Management and Heads of Central Support departments in France have undertaken a Tour of all the regions, in order to train and sensitize all site managers about their responsibilities in terms of Operational Health and Safety; the main aspects of their involvement in this area have been explained and discussed in various relevant topics:

- Human Resources (for instance, for general or activity specific medical controls of our employees),
- Security/Access controls/Maintenance of Siemens buildings,
- Information Security,
- Insurance Obligations,
- External communication in Crisis, including a case study.

More than thirty site managers have been trained through six sessions of one day intensive work. This training has been evaluated as very useful by all attendees.

## South Africa

Siemens Ltd SA endorses Customers Health & Safety Partnership initiative. The customer's main objective is to build partnerships with their contractors in assuring safety practice at all their sites. They intend rolling out more stringent safety application policy, which is still being compiled, and will be communicated at a later date.

With their commitment in ensuring safe work practice and getting their contractor buy in, Siemens SA was requested to show commitment by signing a safety pledge. The initiative falls within our Health & Safety Principles signed by the CEO of Siemens SA. Siemens Ltd SA is well on their way to reducing our accident incident rate, despite the recent acquisitions of production facilities.

## Operating Groups' improvement programs

In Germany, the Power Generation Group introduced "UWEB2000®," an intranet-based system for corporate information and knowledge exchange, with an emphasis on health, work safety and environmental protection (HSE). This system is organized hierarchically by the location principle. Using this system, managers can view the training status of their employees and subordinated organizational units within the overall organizational structure. The system is technically capable of tracking any topic, including quality management or product training, for example. PG is currently planning to export this system to its operations in the other European countries.

In cooperation with Siemens Financial Services GmbH, Insurance Division (SFS INS PEL), Siemens AG contracted with the health insurer carrier Deutsche Krankenversicherung AG (DKV) to institute a health care management program for employees on international business trips and long-term foreign assignments. The employees insured under the DKV international health insurance have been eligible for these benefits since October 1, 2005. Under the HCM plan, employees receive information on DKV's health insurance coverage during the period of international travel or long-term foreign assignment. In addition, DKV provides specialized medical assistance services and the DKV "GLOBALITY® Service Card," which lists the DKV service numbers that employees should call in case of need or to obtain competent advice and support from DKV before embarking on their foreign business trip.

## Spa programs and health seminars

Facts and figures:

- In fiscal 2006, 2,018 employees underwent a 24-day spa program in Eschenlohe (near Garmisch-Partenkirchen, Bavaria), Höchenschwand (Schwarzwald, Baden-Wuerttemberg) and Bad Steben (Frankenwald, Bavaria), Germany.
- 45 employees underwent a 22-day spa program with child care in Neuburg am Inn, Germany.
- 423 employees attended 32 health seminars and 430 employees attended 34 refresher seminars.

## Employee re-integration after illness

An important aspect of the company's active health promotion efforts is the re-integration of employees during and after a period of illness, to help them overcome a work disability and/or prevent the recurrence of such a disability. By means of this approach, the company can not only lower the direct costs of absence due to accidents or illness, but also enhance employee motivation and therefore the quality of work and the company's overall productivity. The objective of employee re-integration management is to overcome the illness-induced work disability of a specific employee and/or prevent the recurrence of such a disability in the future, so as to protect that employee's position with the company. Special work groups known as "Employee Re-integration Management Groups" have been established at the local plants to oversee the implementation of this employee health promotion concept.

Siemens has signed the European Network for Workplace Health Promotion (ENWHP) **Luxembourg Declaration** on Workplace Health Promotion in the European Union, thus committing to a number of baseline principles and agreeing to uphold health and safety standards in the spirit of the declaration.

## Revised Health and Safety Reporting

### *The Siemens International Work Safety Reporting System*

The reporting system based on key performance indicators for operational health and safety is currently being revised. An intranet-based tool for this purpose will be available starting in October 2007. The new tool will make it possible to enter KPIs and generate reports on a worldwide basis.

The Siemens international work safety reporting system is based on key performance indicators for operational health and safety. It encompasses the company's operating sites (inside sites) and the project/service sites (outside sites) worldwide. The system also tracks and generates reports on the work safety indicators of key suppliers (Temporary Employment Act contracts and contracts for work and services, freelance employees). The reporting system will be implemented as a web-based solution. This tool can also be used to generate the required work safety annual report.

The raw data is aggregated into key indicators relative to work and safety. The system automatically generates predefined reports on the subject of these indicators. Only selected indicators are tracked for the company-wide reporting system.

## Our Occupational Health and Safety Goals

### *Reducing the incidence of work accidents and occupational diseases*

One of the key goals will be to further reduce the incidence of work accidents and occupational diseases. To this end, the Siemens companies located in the European Union will participate in the EU campaign "Community Strategy 2007-2012 on Health and Safety at Work." Under this initiative, the incidence of work accidents is supposed to be reduced by 25 percent over the next five years.

The wide array of decentralized IT applications being used around the world for purposes of safety, health and environment management will be integrated under a uniform platform, SAP EH&S, in order to better exploit the potential synergies.

We are also developing an integrated work safety and environmental protection tool (ISO 14001 / OHSAS 18001) for conducting self-assessments, which we plan to deploy worldwide throughout the company.

## Corporate Citizenship

### Improving life quality in host communities

Siemens has reaffirmed its commitment to good corporate citizenship, sound corporate governance, compliance and climate protection in its Fit4 2010 company program. Driven by the wish to improve life quality in their host communities, all our business units and locations around the world engage in a wide range of citizenship programs and initiatives to advance education and research, art and culture, public welfare, and much more besides.

### Principles and Guidelines

#### ***Corporate Responsibility at Siemens: an explicitly defined mission***

We at Siemens understand corporate responsibility to mean an active, ongoing commitment to protecting the environment, improving society and promoting sustainable development on a continuous basis. Since 2005, corporate responsibility has been a defined task area of the Siemens corporate program "Fit4More." This commitment is being systematically further pursued in the successor program "Fit4 2010." In this context, corporate citizenship is an explicitly defined mission, alongside the other defined priority areas of corporate governance, compliance and climate protection.

#### **Our Position on Corporate Citizenship**

Long-term business success can best be achieved in stable societies that are capable of meeting the challenges that face them. Based on this perspective, Siemens strives to improve the environmental and living conditions of every society in which it does business, as a responsible citizen and neighbor.

Our corporate citizenship activities are aimed at achieving lasting benefits for society. Our programs, projects and assistance are aimed at solving critical social problems, whether global, regional or local. By means of this commitment, we also seek to promote the positive, harmonious integration of our company with every society in which we operate. These efforts are needed to preserve and bolster the company's "license to operate." The fact that Siemens has been firmly established in many countries for more than a hundred years demonstrates the company's ability to translate its philosophy of social responsibility into practical results.

### Siemens Corporate Citizenship Policy

The Siemens Corporate Citizenship Policy is the framework governing all our corporate citizenship activities. This policy outlines concisely the defined priorities, mission and objectives of corporate citizenship. You can find the [Siemens Corporate Citizenship Policy](#) on our Corporate Responsibility web site.

The Siemens Corporate Citizenship Policy is supplemented by the Circulars of the Siemens Corporate Executive Committee, which concretize important aspects of our day-to-day activities and provide the basis for comparable, transparent management of our corporate citizenship activities throughout the company. By way of example, the Corporate Executive Committee recently issued revised versions of the circulars on sponsoring and donations, which are more precise than the earlier versions.

In the selection, planning and execution of its corporate citizenship activities, Siemens is guided by two main principles:

- We want to make necessary and sustainable contributions in relevant areas; these contributions will be found at the intersection of the defined global priorities and the specific needs of every location.
- We want to maximize the benefit of our activities and leverage our particular expertise. Our employees play a critically important role in this regard. With their help, we can engage in socially beneficial activities on a long-term basis, in many places of the world.

The wide-ranging corporate citizenship activities conducted around the world have been consolidated within two company-wide programs, so as to improve the efficiency of implementation and deliver longer-lasting benefits for society. These programs effectively define the priorities of our corporate citizenship activities.

### **Siemens Generation21**

Generation21 is the company's education support program encompassing a wide range of regional, national and international activities in support of preschools, secondary schools and universities, which aim to promote the development of tomorrow's scientists and engineers. To support the education of young people is to make a lasting investment in the future of every society. In the long term, these activities also serve the interests of Siemens as a company, which must continually attract highly qualified scientists and engineers throughout the world as a prerequisite for its success.

### **Siemens Caring Hands**

Caring Hands is the company's social welfare program encompassing a wide range of charitable actions, employee volunteering projects, social aid and disaster relief activities. We provide financial support and hands-on assistance to social welfare projects for disadvantaged groups and seek to alleviate the consequences of natural disasters by donating our products and expertise.

Beyond the scope of these two global programs, Siemens engages in still other kinds of corporate citizenship activities, which are outlined below.

### **Community Relations**

We strive at all times to maintain the best possible relations with our neighbors at every one of our operating sites. These activities, which are managed in a flexible manner under the responsibility of local management, are guided by the practical needs and challenges of every locale or region. We seek to promote the harmonious integration of our company with society by maintaining a continuous, wide-ranging dialog, based on mutual trust, with the representatives of public institutions, local governments and civic organizations.

Siemens' activities in this area include charitable donations as well (see Expenditures 2006). These are explained in more detail in the Stakeholder Relations section.

## Support for the Humanities, Art and Culture

Siemens supports a wide array of social causes and projects related to humanities, art and culture. By continuously maintaining a lively dialog with private citizens and civic groups, we are better able to anticipate and hopefully influence social trends and developments. As key drivers of creativity, the fields of humanities, visual arts, music, drama and literature play an important role in this dialog.

## Corporate Citizenship Management

*Our commitment: lasting benefits to society*

We want to implement our corporate citizenship activities throughout the world in the most efficient, highest-quality manner so as to provide lasting benefits to society in the interest of our stakeholders. To fulfill this commitment and allow for continuous improvement, these activities must be managed in a highly systematic manner.

### Measures to Fulfill our Citizenship Commitment

The measures taken to this end include:

- Internal counseling programs, guidelines and recommendations in the Siemens intranet for all employees engaged in corporate citizenship activities;
- Regular information exchanges and best-practice sharing through the Global Communication Council, regional meetings of communication directors, workshops and seminars;
- Continuous internal and external communication activities as the prerequisite for the successful adaptation and implementation of the corporate citizenship policy and the corresponding activities throughout the company (information offerings on the intranet and Internet, newsletters, Siemens corporate media with flyers, brochures and other communication media);
- Goal-directed networking and cooperation with external organizations and stakeholders, to the necessary extent. Examples of this organizations include educational institutions and aid organizations like UNICEF and the Red Cross. To this end, existing functional structures are co-opted and/or new structures are created in order to guarantee and enhance the effectiveness of our activities and, specifically in the case of disaster relief, to deliver the urgently needed aid more quickly;
- Financial and non-financial reporting on the company's corporate citizenship activities, using the company's extensive CR reporting system. The exhaustive identification and adequate quantification of the company's wide-ranging corporate citizenship activities is a fundamental prerequisite for monitoring, evaluating and improving the efficiency of implementation. Considering the large number of Siemens national subsidiaries and the wide range of business activities in about 190 countries of the world, this task demands considerable resources.

### Progress in Reporting

In the year 2006, substantial progress was made in the area of reporting in general. Several instruments, some of which newly developed and implemented, were employed to identify and categorize the company's worldwide communication expenditures. As part of this global survey, the expenditures related to corporate responsibility, including



corporate citizenship activities, were identified separately from the other kinds of communication expenditures, such as market communications, for example.

The following instruments were employed:

- The company-wide "Survey of Marketing and Communications Expenditures Worldwide." This survey was sent to all Siemens entities around the world. The corporate citizenship expenditures of all the Siemens Groups and 99 percent of the regional entities were determined for the following items:
  - Siemens Caring Hands
  - Siemens Generation21
  - Communication related to environmental protection
  - Other expenditures
  - Personnel expenses (direct/indirect/headcount)This new reporting tool has considerably improved the company's ability to analyze the expenses and structure of corporate citizenship activities at Siemens.
- The complete List of Worldwide Donations, adapted from a list prepared by Corporate Finance (CF), sub-divided into the following categories:
  - Arts and Culture
  - Dialog
  - Learning and Research (Generation21)
  - Public Welfare (Caring Hands)
- The CEC Circular of October 2, 2006, which sets out precise rules for corporate donations. In the introduction, the Corporate Executive Committee states "We consider it very important that our donations be granted in a transparent manner, according to uniform principles." The CEC Circular defines:
  - the term donation (grants of monetary and in-kind benefits with nothing obtained in exchange), as distinguished from sponsoring;
  - the objectives and target areas: education and humanities, art and culture, social and humanitarian causes, membership dues for social and cultural associations;
  - the responsibilities and authorities for granting donations;
  - the criteria to be met for making donations, exclusionary criteria;
  - Reporting obligations, internal and external reporting.
- The Sponsoring Tool and the corresponding CEC Circular of May 2, 2007 represent the framework for Siemens' worldwide sponsoring activities. All sponsoring activities in the area of education are governed by the guidelines of Siemens Generation21. The "Sponsorville" platform was developed as an intranet tool to be used for recording and evaluating all planned projects and for obtaining headquarters approval in the case of large projects. Because this tool has only been in use since May 2007, its effectiveness cannot yet be evaluated. But even in the preparatory phase, the goal of clearly distinguishing sponsoring activities from donations led to greater transparency and improved the efficiency of our reporting system.

Even if some minor corrections still have to be made with regard to the classification of certain expenditures, the worldwide tracking of corporate citizenship expenditures represents a big step forward.

## Siemens Generation21

### *Our global education program*

The company's worldwide activities and initiatives for teachers and students of preschools, secondary schools and universities are consolidated under the aegis of Siemens Generation21. All these activities are devoted primarily to the goal of promoting the education of young people in the fields of mathematics, science and technology. Siemens would like to stimulate the interest and curiosity, and hopefully the enthusiasm, for science and technology and motivate talented young people to pursue careers in the corresponding disciplines. Siemens wants to identify and promote the top talents of the 21st century.

### The goals of Generation21

Considering the fact that Siemens desperately needs such talented young people to carry on its business in the future, we also seek to position our company as an attractive employer. By introducing young people to career opportunities in science and technology, we indirectly support the hiring activities of our company and cultivate good relations with teachers, educational institutions and academia.

The activities of Siemens Generation21 are focused on three educational areas:

- **Preschools:** Siemens considers it very important to give small children the chance to explore the world of science and technology in a playful manner appropriate for their age. The Siemens activities in this area include:
  - "Experiment Kits" for kindergartens (German version)
  - "Discovery Boxes for Natural Sciences" (international version)
  - Involvement in preschool education initiatives ("House of Little Scientists")
- **Secondary schools:** In this area, Siemens pursues the following activities:
  - Programs for outstanding secondary school students (Academy);
  - Academic contests (Siemens Competition in Math, Science and Technology)
  - Support for teachers (teaching materials, awards)
  - School partnerships
  - Lectures and presentations by Siemens employees (expert presentations, Siemens Science Days)
  - Programs to promote the interest of female secondary school students in science and technology (Siemens Science Camp)
- **Universities:** We support highly talented students with stipends and provide assistance to universities in many countries of the world. Our activities in this area include the following:
  - Stipends for master's degree candidates, post-graduates and Ph.D. candidates in scientific fields
  - Awards for outstanding accomplishments (such as the Werner von Siemens Excellence Award)
  - More than 220 Siemens experts serve as guest lecturers at universities (primarily in Germany and Austria)
  - Siemens contributes its expertise to the cause of university reform (collaboration in the development of up-to-date curricula, advice on education policy decisions)
  - Mentoring programs (including YOLANTE for female students)
  - Global network of Siemens stipend recipients and award winners
  - University mentorship programs, with members of top management serving as mentors
  - Support for the Nobel Prize Winners conference at Constance (Siemens sponsors the participation of 30 internationally selected young scientists)

## Siemens' Activities for Preschools

In Germany, an additional 500 **Experiment Kits** were donated in 2006 (bringing the total to more than 1,100) to preschools with children aged three to six years. The preschools of every German state apply to Siemens directly for participation in the program. Applicants are selected on the basis of various criteria, including class size and the determined level of need. The permission of the authority in charge of the school is always a prerequisite.

The Experiment Kits feature experiments, as well as movement, songs and games on the subject in question. The idea is to stimulate the children's interest in science and technology in an age-appropriate manner (see the [Siemens Generation21](#) web site; in German).

Originally developed for use in Germany, where they have become extremely popular, the Experiment Kits have since been further developed to create the "Discovery Boxes" for international use. The international version features experiments on the subjects of "Energy and Electricity" and "Environment and Health." They also contain a DVD which explains each step of every experiment for the teacher. The main version in English can be translated into other languages by the Siemens Regional Companies. The Discovery Boxes have been made available to all the Regions. Some Regional Companies have already adapted the Discovery Box for use in their countries (Brazil, South Africa, Colombia, Honduras).

Siemens also supports the initiative **House of Little Scientists**, which aims to promote the daily involvement of young people with nature and technology in all the day care centers of Germany. This hands-on program supports the work of teachers and involves the parents as well. The House of Little Scientists seeks to foster the natural joy of discovery in children and instill positive attitudes about science and technology at an early age.

## We Support Elementary and Secondary Schools

Siemens supports the **Wissensfabrik**, an association that now counts more than 50 German companies among its members, particularly in the activities related to education. Among other activities, Siemens is collaborating on the implementation of the "NaWi – geht das?" project, the goal of which is to convey basic scientific knowledge to elementary school students through experiments. For further information, see our [web site](#) (PDF, in German).

Under this program, elementary school teachers first attend training sessions on the use of the experiment kits, which are then provided to the schools free of cost. In Munich alone, teachers of about 30 elementary schools were trained to use the experiment kits in 2006. Additional training sessions are planned. In 2007, the project will be extended to the cities of Erlangen, Leipzig and Paderborn. More information can be found on our [Generation21](#) web site.

The **Siemens Competition in Math, Science & Technology** is aimed at highly talented secondary school students, as a means of promoting their interest in science and technology. The cooperation partners for this academic contest are Rheinisch-Westfälische Technische Hochschule (RWTH) Aachen, Technische Universität (TU) Berlin and Technische Hochschule (TU) Munich. These three universities support the competition and provide jurors to ensure the impartial and objective evaluation of entries. In 2006, the competition was held in the United States, Germany and Russia, after formerly being held only in the United States. The central topic for 2006 was "Urbanization," a megatrend of crucial importance for the future business strategy of Siemens. For more on Siemens' student competition, see our [Generation21 web site](#) (in German). Details on the Siemens Competition in Math, Science & Technology in the US can be found on the web site of the [Siemens Foundation](#).

The **Siemens Media Collections**: When it comes to teaching students about up-date trends and events, the Internet has long since become the leading information source. In actual practice, however, the search for suitable media for use in schools is often meticulous and time-intensive. Although teachers frequently use digital media materials in their classes, well-prepared, up-to-date teaching materials planning are still often hard to find.

Siemens developed its Media Collections to fill this very need. These materials, which draw on the company's extensive knowledge of scientific and technical subjects, are primarily intended to motivate students for the pressing issues of our day. They are designed to acquaint students with current developments, trends and technologies. The topics are selected and prepared on the basis of pedagogical considerations. The materials are designed in particular to foster teamwork using modern tools. The teaching materials can be adapted by the teachers who use them to suit the specific educational objectives of normal instruction, special projects or events.

Siemens delivered its 30,000th Media Collection at the Didacta educational conference in 2006. This particular milestone and the various educational awards and prizes that have gone to the Siemens Media Collections prove that this trendsetting form of cooperation with schools is widely appreciated.

Cooperation with the **MINT-EC** association: On December 15, 2006, the fifth annual Siemens Award was awarded to the member schools and candidate schools of the MINT-EC association. Prizes with a total value in excess of 30,000 euros were given to the schools with the best overall concept for promoting MINT education. As a founding member and patron, Siemens has supported this association through a wide range of activities since 2000. Further information on our cooperation with MINT-EC can be found on our web site (in German).

The internationalization of the **Siemens Partner School Program** is proceeding apace. Because a cooperation with Siemens is considered to be highly desirable and due to the increasing communication of the existing partner schools around the world, many schools are now applying for membership in the Siemens Partner School Program. The criteria for admittance include a recognizable interest in topics that are relevant to Siemens, detailed knowledge of the program and the support given to science and technology. Conversely, Siemens is actively looking for top-performing schools in key regions to participate in the Partner School Program. These relationships are managed by the regional entities and on the corporate level as well.

For more information on our partner school program, please visit the Siemens Generation21 web site. A list of participating schools can be found there.

## Programs for Universities and Students

The **Werner von Siemens Excellence Award** is becoming more international. Further progress has been made with regard to the internationalization of the Werner von Siemens Excellence Awards. The competition is conducted under the responsibility of the respective national subsidiary, in cooperation with top-ranked universities. These parties jointly establish the central theme for the respective research award. In 2006, entries were invited from researchers in the following countries: Brazil, Latvia, Lithuania, Mexico, Romania, Slovak Republic, Czech Republic, Hungary and Germany.

**Nobel Prize Winners Conference** in Lindau: Since 1951, the Nobel Prize winners of a selected discipline have convened every year in Lindau on Lake Constance. The 2006 conference for Nobel Prize winners in Chemistry was held in the days from June 25 to 30. Siemens invited 14 selected, excellent young scientists and students from China, India, Russia, the United States and Germany to participate in this unique event, where they could attend lectures by the Nobel Prize winners and ask them questions as well.

The **Young Ladies' Network of Technology (YOLANTE)** is designed to encourage young women to explore the promising world of science and technology and pursue one of the many career opportunities in these fields. Young women were admitted to the Siemens mentoring program YOLANTE in 2006.

## **Siemens Caring Hands**

### ***Our program for charitable activities***

The worldwide Caring Hands program bundles our activities in the areas of volunteering, social giving and disaster relief. It provides the framework and point of departure for our employees' voluntary activities, monetary donations and contributions in kind for worthy causes and partnerships with non-profit organizations, fast reconstruction assistance when disasters strike. The program is based on the know-how and support of our employees, on the one hand, and on Siemens' core competencies as a provider of infrastructure technologies and solutions, on the other. Siemens Caring Hands aims to help improve living standards worldwide. Examples of our activities include projects in the areas of healthcare, technological infrastructure and basic education.

#### **Volunteering: Employee Commitment**

Siemens employees support worthy causes by devoting time and applying knowledge to assist their communities. Projects, which are selected on the basis of criteria set out in our Volunteering Guidelines, should benefit children and young people, improve education or assist disadvantaged groups in society. Corporate Communications advises and coordinates regional and local "supply and demand." At major company locations like Munich and Erlangen, which have a large number of employees, volunteering platforms have been set up on the Siemens intranet. Via these platforms, offers of assistance by teams as well as projects worthy of support are listed and bundled.

Volunteering activities are also an effective way to increase team spirit and improve long-term communication and cooperation among participating employees.

In fiscal 2006, numerous Siemens teams from around the world took part in volunteering activities. An overview of their projects, arranged by country and continent, is available on our [Corporate Responsibility web site](#).

Siemens' IT Solutions and Services Group has made a special commitment to the "[start social](#)" competition (web site in German).

Optimal results and long-range benefits to society are our key aims. And this applies to volunteering projects, too. Consequently, we monitor results by means of a feedback survey. Important lessons learned are communicated internally as part of company-wide best practice sharing and flow into the planning of new projects.

#### **Social Giving: Financial Assistance for Worthy Causes**

Social institutions receive donations and support via long-term sponsorship programs. The prerequisites and criteria for sponsorship are clearly described in our Social Giving Guidelines. These guidelines stipulate that concepts be feasible and that projects be continuous and medium- to long-term. They also specify the types of projects that can be supported and the criteria for rejecting proposals (for example, no support for individuals). Long-range projects include:

### **Siemens' UNICEF partnership**

Our UNICEF partnership has been running for several years now. In 2006, we focused our efforts on education in Africa. Siemens donated €50,000 to UNICEF's "Schools in Africa" project and another €50,000 to projects developed specifically for Sudan. In addition, over 1,800 Siemens employees, who have become supporting members of UNICEF, also donated money to "Schools in Africa." The money raised is being used to build or renovate school buildings, finance educational materials and scholarships, and support AIDS education in Angola, Malawi, Mozambique, Rwanda, Zimbabwe, South Africa and Sudan.

In fiscal 2006, donations totaled more than €540,000. Since the beginning of our UNICEF partnership in 2003, more than €2.1 million has been raised for these and similar projects in Afghanistan and Pakistan.

Details regarding our UNICEF commitments are available on the [Siemens-UNICEF web site](#). Information is also available directly on the [UNICEF Germany web site](#) (in German).

### **Computers for healing and living**

The project "Computers for healing and living" is a key part of Siemens' commitment to reducing the social exclusion of people with disabilities. Our aim is to assist handicapped people in both their professional and private lives by providing full access to information and communications technology as well as technical solutions that compensate for motor impairments.

"Computers for healing and living," launched in 1983, is one of our longest-running programs in the area of corporate citizenship. To date, more than 1,300 handicapped-accessible therapy systems and workstations have been installed at over 220 institutions in Germany. Each day more than 3,700 patients and trainees work and train with our computers. The program also supports a large number of social welfare and charity organizations as well as several research projects. In fiscal 2006, the many projects and initiatives we supported included disabled organizations, a children and youth helpline in Wuppertal, a women's refuge in Aachen, the Bavarian School for the Physically Disabled in Munich, the organization "Gesicht zeigen" in Berlin, and a self-help group in Frankfurt for people with rheumatism.

Detailed information is available on the ["Computers for healing and living" web site](#) (in German).

### **Disaster Relief: Financial Aid and Gifts in Kind for Victims**

Our global presence enables us to respond quickly to disasters on a local basis and to provide monetary donations and infrastructure-related products and expertise. By their very nature, our disaster relief projects are responses to catastrophic events, which fortunately lacked the dimensions last year that Hurricane Katrina, the Pakistan earthquake and the tsunami in Southeast Asia had in the years before.

For victims of the tsunami in India, Siemens – together with other companies in the German Business Community – developed a five-year plan for long-term assistance. Social and healthcare centers in deprived regions are the core of the project. Prof. Dr. Klaus Wucherer, a member of Siemens' Corporate Executive Committee, opened the first center in the South Indian village of Thenampattinam in the spring of 2006. The center serves the medical needs of some 1,500 families in the region. More centers are currently in the planning phase. The project is continuing (see [Siemens India's web site](#)).

## Infrastructural Citizenship

Our new focus on infrastructural citizenship and citizenship in megacities is intended to link our corporate citizenship activities more closely to our core competencies. In workshops in Sao Paulo and Mumbai, regional activities were evaluated in order to review citizenship approaches for ways to correct infrastructure deficits, to bundle our activities more tightly and improve their medium-term focus. This project is still in its early stages, but the following examples indicate the needs it can address and the forms it can take.

**St. Catherine's Home in Mumbai:** Siemens in India is helping street children in Mumbai by financing and further expanding the St. Catherine's Home orphanage.

**Ecological Trail in Sao Paulo:** The Ecological Trail set up by Siemens' office in Sao Paolo is being expanded to accommodate more school classes. The aim is to enable city children to learn more about nature and issues like recycling and water filtration. The project is an example of the kind of environmental education on which Siemens Brazil is focusing its Caring Hands and Generation21 activities.



## Support for the Arts

### *A lively tradition at Siemens*

The Siemens Arts Program is part of a long tradition of art-related activities by Siemens AG. For many years, the enterprise has supported museums and artists through private foundations, as well as via patronage and sponsoring activities by Siemens' divisions and regional companies. Founded as an art-sponsorship program within the Siemens AG in 1987, the Siemens Arts Program pursues and applies to the cultural field the enterprise's fundamental principles: namely, to encourage innovations and to contribute toward actively shaping the future. With this unique form of cultural sponsorship, the Siemens AG emphasizes the special status it assigns to art and culture.

### Siemens Arts Program Projects

The members of the Siemens Arts Program's team devote themselves to projects and initiatives which support art and culture in the areas of the visual arts, the performing arts, music, and contemporary culture. In accord with the corporate identity of the Siemens AG as a responsible and innovative high-tech business, and fully in harmony with the notion of corporate cultural responsibility, the Siemens Arts Program encourages experimental contemporary art, thus acting in concurrence with the intentions of the enterprise's "founding father" Ernst von Siemens, who said: "Our house became great because we have always believed that tomorrow is more important than today." In an era in which technology, civilization and society are changing at an increasingly fast pace, it remains essential to think progressively and unconventionally – also in the fields of art and culture. To read more about our projects, please visit the [Siemens Arts Program web site](#).

Treading this unusual and new path – e.g. with the **"About Baroque"** music project, in which five compositions were created for the Freiburg Baroque Orchestra and which thus revealed wholly new possibilities for contemporary music – was richly rewarded last year, when the Siemens AG received a special award for "About Baroque" in recognition of this outstanding example of cultural sponsorship. The award was conferred by the Kulturkreis der deutschen Wirtschaft im Bundesverband der Deutschen Industrie (Cultural Circle of the German Economy in the Federal Association of German Industry) for the first time in 2006.

### Introducing Students to Contemporary Art

To encourage the teaching of contemporary art in schools, and thus to contribute toward cultural education in Germany, the Siemens Arts Program began a project entitled "kiss – Kultur in Schule und Studium" ("kiss – Culture in Schools and Universities") in 2004. Stipends are annually awarded to five or six students who are studying to become teachers of artistic subjects. Renowned contemporary artists and theater directors, and their special ways of teaching and communicating art, are the program's focal points. Under the motto "Artists as Teachers," the recipients of stipends are given opportunities to interact with artists who agree to serve as mentors for the "kiss" program. The initial ideas were to make active use of this important source of knowledge and inspiration for conveying contemporary art, to research "authentic art material," to prepare this material in a pedagogic manner, and to implement it in individual classroom units. Additionally, a practical handbook for teachers is created each year. This reference volume contains outlines of individual teaching units and also presents a comprehensive collection of all relevant materials, such as exemplary audio sequences, images and films on DVD. These materials are designed to stimulate teachers to catalyze similar classroom experiences. News of this initiative by the Siemens Arts Program reached all relevant faculties in

German universities and schools of higher learning, so the jury was able to select stipend recipients from a large pool of highly qualified candidates.

The practical teacher's handbook, which is also available from the Siemens Arts Program's website as a free download, is strongly in demand among instructors and teachers. In response to their requests, several thousand copies of the volume have already been mailed out. Subsequently conducted evaluations confirmed the practical value of these publications and further proved that their contents are of exceeding high quality and are ideally well suited for teaching in schools. The "kiss" project also enjoyed a strongly positive response in the print media, where it generated a great deal of attention. "Kiss" achieved its goal: namely, to convey contemporary art in schools. Large portions of "kiss" have already been integrated into curricula in several of Germany's federal states. "Kiss" will be continued in various artistic and cultural divisions of the Siemens Arts Program in coming years.

### **"Rendezvous for a Portrait"**

The exhibition entitled **"The Photographer's Contract"** is an example of how the Siemens Arts Program works in the area of the visual arts. After the tremendous success it enjoyed at the Akademie der Künste (Academy of the Arts) in Berlin, this show was also presented at Museum Morsbroich in Leverkusen. Featuring superlative artworks by seventeen important photographers ranging from Andy Warhol to Boris Michailow, the exhibition provided an unprecedented overview of a special branch of portrait photography since the 1960s, a branch which is based on an agreement between the photographer and the person whose portrait the photographer creates with his camera. The show presented authentic and highly expressive images, some of which may seem shrill and aggressive, others of which achieve their impressiveness through stillness and discrete understatement. The exhibition brought together numerous examples of new artistic strategies for the portrait genre and offered an exciting and up-to-date synoptic view of the genre of the group and family picture.

To continue to learn beyond the borders of one's professional horizons: This can be understood as a defining goal of ongoing efforts to encourage creativity, the change of perspectives, and individual expression. This is why, in addition to extramural sponsorship, for the past four years the conveyance of contemporary art and culture has been an integral and highly important part of the "Internal Cultural Communications" of the Siemens Arts Program. More than 70 **"Kulturzeiten"** ("Culture Times") events in nearly thirty cities enabled interested employees to intensively participate in the culture life of their regions in 2006.

### **Artists Visit Siemens Locations**

Furthermore, artists are regularly invited onto the business's premises, where they encourage Siemens' employees to view their working environments in a new light by making visible the wishes, visions and social components of the employees and their daily work. For example, public works, a London-based group of artists and architects, created a project entitled **"Future Gallery"** in which a specially developed mobile exhibition and sketching tool were provided to Siemens employees at thirteen sites in Great Britain, where the coworkers were queried about their individual expectations and their hopes for the business's future. Workshops were organized in which employees and artists closely collaborated with one another to create sketches, collages and texts, many of which reflected on diverse and sometimes contradictory topics such as corporate identity,

individual expression and teamwork, professional or private communication, and social interaction. A publication presents, analyzes and interprets the resulting sketches, collages and texts, thus revealing a multifaceted image of the enterprise. This special project by the Siemens Arts Program likewise recently received commendation: the "Arts & Business Employees Award" was conferred on the "Future Gallery" project in June 2006. This annually awarded prize is regarded as the most renowned commendation for collaborative projects between art and business in Great Britain.

The projects of the Siemens Arts Program are described in detail on the program's [web site](#).

„The Siemens Arts Program enjoys an excellent reputation in cultural and artistic circles. Specialists refer respectfully to the institutions' innovation, solidity and willingness to take risks. This is certainly also due to the fact that the Siemens Arts Program has six project managers who are responsible for ensuring a broadly based and well-founded strategy. Collaborating with recognized curators or appointing a committee of specialists serves not only as a quality guarantee, but also ensures that these arts programs become part of the artistic debate as a matter of course.”<sup>1</sup>

<sup>1</sup> Simon Baur and Samuel Herzog: „Art macht Agil“. In: Art & branding, ed. by Hans-Jörg Heusser and Kornelia Imesch, Zurich 2006, p. 132.

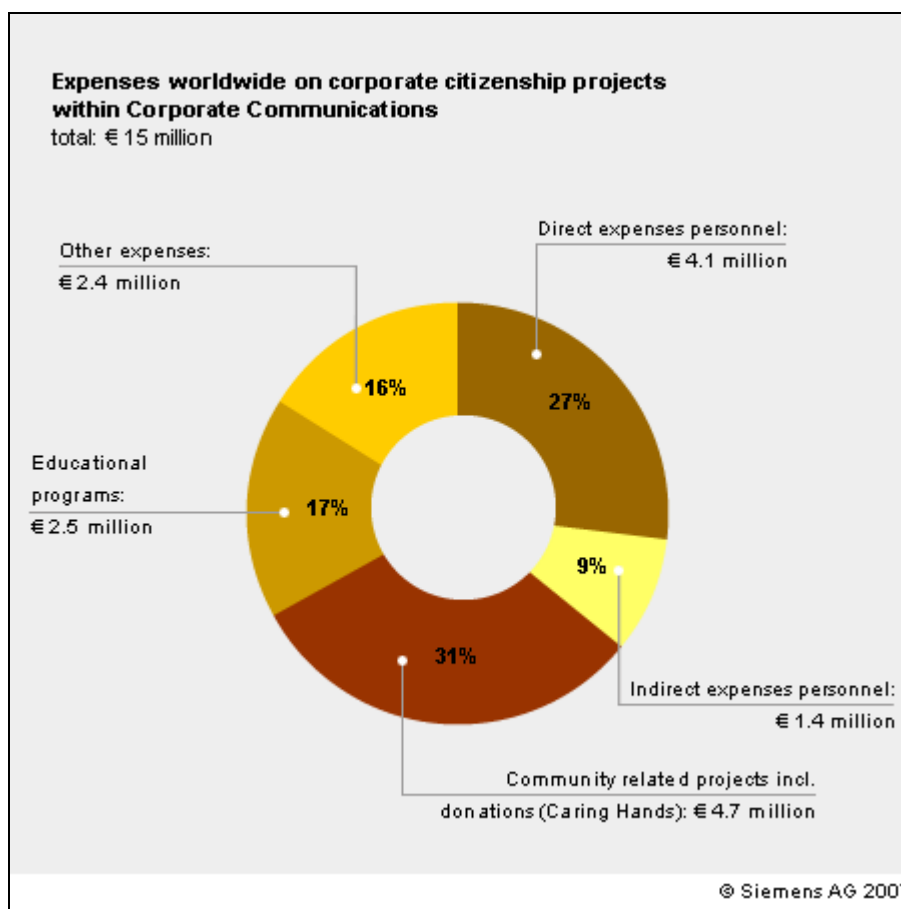
## Expenditures 2006

### Our worldwide activities in figures

Communications expenditures worldwide were compiled in fiscal 2006. They included expenditures for corporate citizenship activities worldwide. In the Siemens organization, corporate citizenship units and projects are assigned to communications departments. Additionally, Siemens supports a wide range of worthy causes and projects with donations and/or through sponsorships.

### Worldwide Expenditures for Siemens Corporate Citizenship Projects

The expenditures for the corporate citizenship activities within Corporate Communications are listed in the following chart.



### Additional money budgeted by Siemens Corporate Finance

Education programs (Generation21, schools):	€1.8 Million
Education programs (Generation21, universities):	€1.9 Million
Total:	€18.8 Million

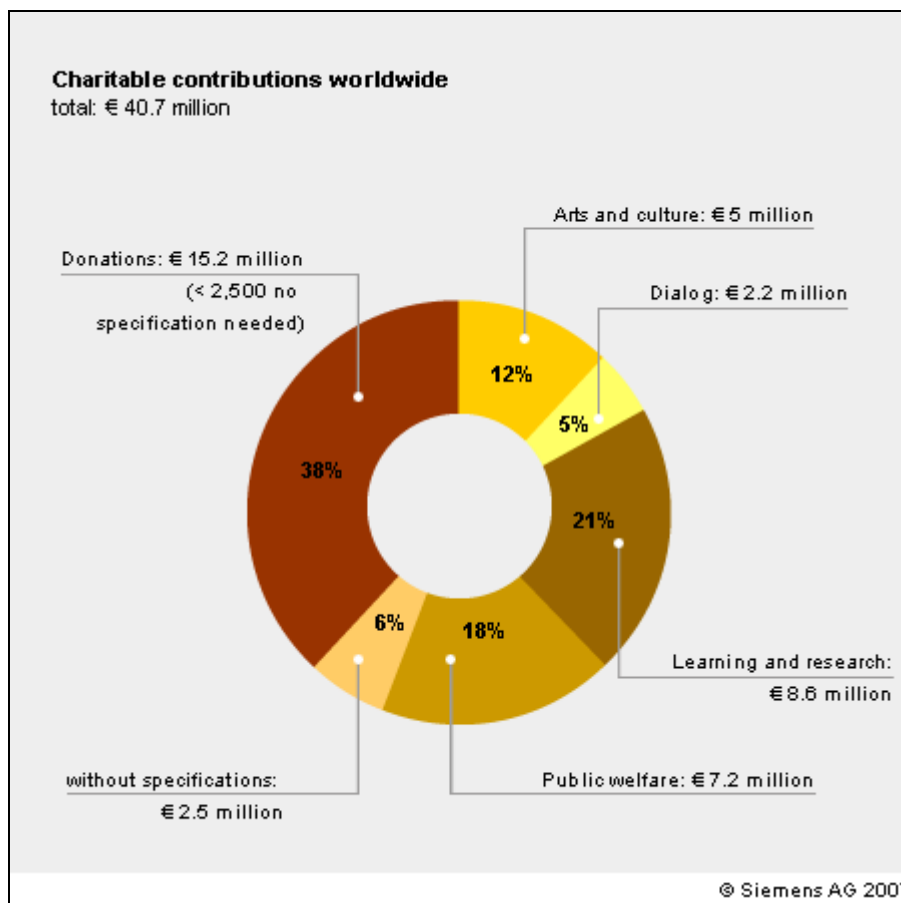
The budget for the Siemens Arts Program, which totals €1.9 million, and the sponsoring activities of Siemens' foundations are not included in these figures.

## Charitable Contributions Worldwide

In addition to the programs described above, Siemens supports a wide range of worthy causes and projects with donations and/or through sponsorships. These additional contributions total some €40.7 million. This money is spent in the areas of culture and the arts, dialogue, education and science, social commitments, contributions not specified and donations.

The areas our contributions go to in detail:

- Arts and culture: Membership dues, charitable contributions and other contributions to institutions promoting art and culture in the areas of the fine arts, the plastic arts, music, contemporary culture and cultural history.
- Dialogue: Membership dues, charitable contributions and other contributions to social organizations and communities, public-interest foundations and associations (excluding professional interest groups and trade associations).
- Learning and research: Membership dues, charitable contributions and other contributions to public and private education and research.
- Public Welfare: Membership dues, charitable contributions and other contributions to charitable institutions (e.g. money and goods to support benevolent



## Goals for 2007

### Major plans for corporate citizenship

We have major plans for 2007. Besides sustaining previously launched and long-standing initiatives and commitments, we are also working on ways to track all of our corporate citizenship spending worldwide so that we can enhance the transparency of our reporting.

#### Our goals in detail

Our goals for fiscal 2007 continue those of 2006 and partially expand the following action areas:

- Intensification of citizenship governance for our Groups and Regional Companies
- Full listing, analysis and categorization of corporate citizenship expenditures company-wide
- Further contentual and financial consolidation of results through
  - improvement of financial reporting with a focus on donations
  - evaluation of key flagship projects (e.g. media collections, explorer kits, Siemens-UNICEF partnership, preparatory workshops for infrastructure projects as part of corporate citizenship), and through intensified cooperation with research organizations.
- Introduction of a company-wide Corporate Responsibility Award with a focus on corporation citizenship
- Development of a catastrophe prevention program within Siemens Disaster Relief

## Evaluation

### An Endorsement of our Efforts

#### Ratings and Rankings

##### Dow Jones Sustainability Index and Climate Leadership Index

A strong mark of Siemens' corporate responsibility performance is the company's inclusion in both the Dow Jones Sustainability Index (DJSI) and the Carbon Disclosure Project (CDP4) Climate Leadership Index.

Siemens has been listed in the Dow Jones Sustainability Index every year since it was first launched. We were also just one of two industrial conglomerates to make it into the Climate Leadership Index.

You can find additional information on our [Investor Relations](#) pages and in our [press release](#) from September 25, 2006 (PDF).

#### Awards

##### *Awards for our global commitment*

During fiscal 2006, Siemens again received numerous awards and prizes for its environmental performance and for its corporate citizenship projects and initiatives. A selection is given below:

##### International Sponsoring Award for classroom media

In January 2006, Siemens won the 13th International Sponsoring Award presented by the German Sponsorship Association FASPO and the Communications Association. The company was honored in the Public Sponsoring category for its Classroom Media Collections project. The media collections are produced as part of our global education program, Siemens Generation21.

You can find out more about the media collections on the web site of the [Siemens Generation21](#) education program.

##### Support for the UN's education drive on sustainable development

In November 2005, two of our media collections, "Horizons2020" and "Water," received official recognition as education material for the UN Decade for Education for Sustainable Development (DESD). The object of the DESD is to integrate the principles, values, and practices of sustainable development into all aspects of education and learning.

Would you like to find out more about the UN's DESD in Germany? The [Germany Commission for UNESCO](#) has information on its web site.

##### Siemens Mexico receives a CSR award

Siemens Mexico was honored by the Mexican Center for Philanthropy (CEMEFI) in 2006 and 2007, as an "Empresa Socialmente Responsable" (a socially responsible company). This title has been awarded annually since 2000 to companies in Mexico with a strong social commitment. Award winners are chosen based on the quality of their working conditions, company ethics and environmental performance.

**B.A.U.M. eco award:****Recognition for industrial environmental protection**

On May 11, 2006, Dr. Wolfgang Bloch, Siemens' head of Corporate Environmental Affairs and Technical Safety, received the environmental award in the Large Companies category from the German Environmental Management Association (B.A.U.M. eV). Presented annually since 1993, this is an honor award without any form of prize and is given for exceptional personal achievement and commitment in the area of industrial environmental protection.

**European awards for our classroom media collections**

The media collection "Water – Humanity's Project" was awarded the coveted Erasmus Euromedia Medal in Vienna on June 22, 2006. The award is presented by the European Association for Education and Communication e.V. for classroom media with an outstanding educational value and design. Together with the Siemens media collection "Light moves the world," "Water – Humanity's Project" also received the Comenius EduMedia Seal for exceptional IT-based educational media from the Association for Education and Information e.V. You can find out more about our media collections on the [Siemens Generation21](#) web site.

**Siemens Pakistan receives two awards**

In August 2006, our Regional Company in Pakistan received the Environment Excellence Award from the National Forum for Environment and Health. Instituted three years ago, this award is now recognized as the country's gold standard for environmental performance. The Siemens Pakistan Diesel Generating Sets Unit also won the Consumer's Choice Award, based on a customer survey that rated quality of service as well as product quality.

**„Best Company of 2006****Siemens Business Services Russia**

Siemens Business Services Russia has been honored with the title "Best Company of 2006" by the Expert Council of the Institute for Social Studies and the Institute for Economic Sciences of the Russia Academy of Sciences.



## Reporting Approach

### A new reporting roadmap and greater transparency

#### Data collection

##### *How we collect data*

We publish figures and information on our business performance, our workforce, our environmental initiatives, and our citizenship programs around the world. In a company with more than 600 companies, almost 300 major manufacturing locations, and about 475,000 employees worldwide, gathering this data represents a sizeable logistical challenge. What adds to the complexity is that, in many cases, our consolidated companies are required to comply with national regulations governing what data they collect and how that data is recorded and disseminated, so the figures submitted do not always share a common baseline.

We have come a long way toward achieving data system compatibility worldwide, but we still encounter new situations that call for harmonization, particularly following acquisitions. This means that collecting data on a global scale is a costly and time-consuming process. We are therefore careful when it comes to deciding which information has the potential to improve the quality of our reporting and, at the same time, to help us manage our business more efficiently. Our dialogue with partners, investors, customers, and other stakeholders additionally provides us with valuable input and ideas.

#### Future Reporting

##### *Extending our CR reporting in the future*

To meet increasing demand among stakeholders for information on CR issues, we are reframing our approach to reporting on business sustainability and corporate social responsibility at Siemens.

This new approach establishes key reporting indicators and focuses our reporting on materiality criteria. We have also created a company-wide content platform to improve the reporting process. Special attention will be paid to ensuring that the data collection process is transparent and that data is verifiable.

Due to Siemens' decentralized structure and presence in nearly 190 countries, the implementation of this project will require a substantial investment in terms of time and money. We aim to publish future CR reports on this web site at the same time as the Siemens Annual Report, if possible.

With our Corporate Responsibility Report 2007 we will provide a detailed intermediate-term framework with binding goals for:

- our performance and/or the development of performance goals
- development and/or implementation of further guidelines and/or processes as necessary
- our reporting, including such topics as materiality finding, indicator selection

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