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Additional Sustainability information

to the Siemens Annual Report 2014

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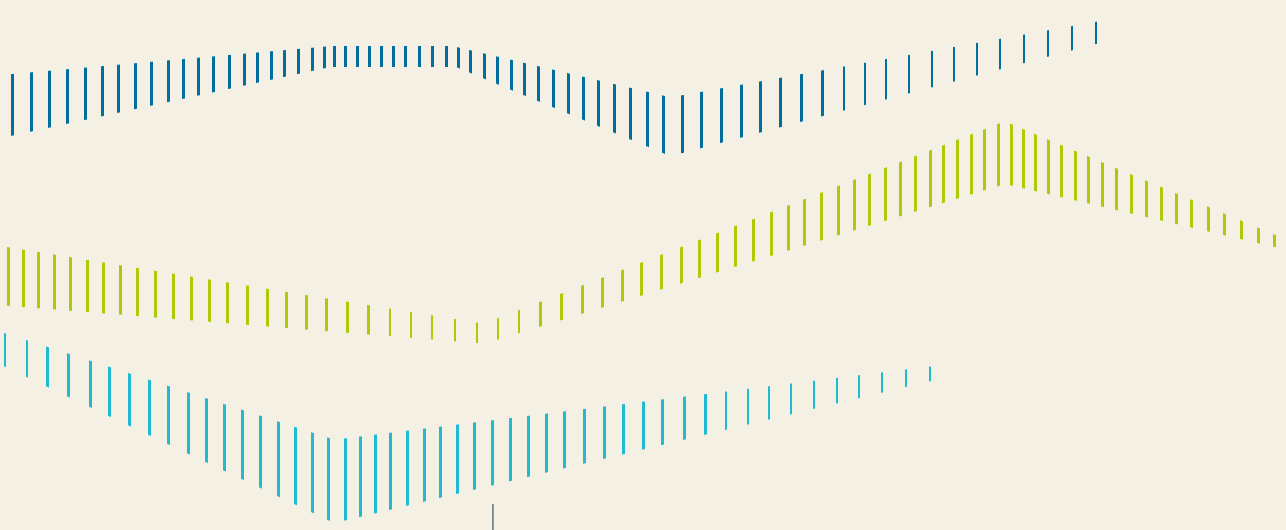
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Introduction

The Siemens Annual Report 2014 combines for the second time our previously separate Annual and Sustainability Reports. This single report provides an integrated overview of our Company's key topics – from our strategic orientation and business developments at our Businesses to fundamental aspects of sustainability – relating, for example, to research and development, customer relations, suppliers, energy-efficient technologies, environmental protection, employees or compliance – and an outlook for the coming fiscal years.

These Additional Sustainability information to the Siemens Annual Report 2014 complement our reporting with further information on the Company's commitment to sustainability and additional information. You'll also find our reporting in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and our progress reports regarding the United Nations Global Compact and the United Nations CEO Water Mandate.

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Sustainability at Siemens

GUIDED BY MATERIALITY

We regularly identify sustainability topics based on their importance for Siemens and our stakeholders, and prioritize them by materiality. The prioritization shows the action areas identified as the key levers for sustainable business success, on which we will also continue to focus in the future. In fiscal 2014 we conducted a comprehensive process to detail the priorities of "Sustainability and Citizenship" within the "One Siemens Management model." The process closely integrated analyses of general developments, the way we respond to megatrends, dialog with stakeholders, and assessments from the Company's specialist functions. The results were then discussed with our Sustainability Board and the Siemens Sustainability Advisory Board and finally approved by our Managing Board and Supervisory Board. The outcome is the **material and detailed "Sustainability and Citizenship" priorities within the "One Siemens Management model."**

Sustainable action is the means to achieve profitable and long-term growth. At Siemens we have a clear commitment to think and act in the interest of future generations, balancing profit, planet and people.

Profit

- > We contribute to our customers' competitiveness with our products, solutions and services.
- > We partner with our customers to identify and develop sustainability related business opportunities.
- > We operate an efficient & resilient supply chain through supplier code of conduct, risk management, and capacity building.
- > We proactively engage with our stakeholders to manage project and reputational risks and identify business relevant trends.
- > We adhere to the highest compliance & anti-corruption standards and promote integrity via the Siemens Integrity Initiative.

Planet

- > We enable our customers to increase energy efficiency, save resources and reduce carbon emissions.
- > We develop our products, solutions and services based on a life-cycle perspective and sound eco-design standards.
- > We minimize the environmental impacts of our own operations by applying environmental management programs.

People

- > We contribute to the sustainable development of societies with our portfolio, local operations, and thought leadership.
- > We foster long-term relationships with local societies through Corporate Citizenship projects jointly with partners.
- > We live a zero-harm culture and promote the health of our employees.
- > We live a culture of leadership based on common values, innovation mindset, people orientation and diversity.

SUSTAINABILITY PERFORMANCE

Siemens has been part of the widely respected **Dow Jones Sustainability Index** for 15 consecutive years. In 2014 we were ranked, within the Index, as Industry Leader in Industrial Conglomerates for the seventh time in a row, and as Industry Group Leader in Capital Goods for the third time in a row. We also earned high ratings on a number of other indexes and rankings, including those created by the prestigious **CDP** (formerly the Carbon Disclosure Project). Siemens achieved its best rating this year and was included by CDP both in the Climate Disclosure Leadership Index and in the highest performance band A of the Climate Performance Leadership Index.

Reporting method

Sustainability is for us a guiding principle and a key precept of our actions. The Additional Sustainability information to the Siemens Annual Report 2014 complement our reporting in the Annual Report 2014 where we combine for the second time our previously separate Annual and Sustainability Reports. The reporting method provides you with details of the key elements on which our reporting is based.

REPORTING APPROACH

The Additional Sustainability information to the Siemens Annual Report 2014 (hereinafter the Report) describe the strategy, organization, initiatives and goals for ensuring sustainability. They complement our reporting in the Annual Report, continue last year's reporting and also serve as our annual progress report on implementing the United Nations CEO Water Mandate and the Global Compact's ten principles. In addition, our Report is oriented to version 3.0 of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and the recommendations of the Global Compact and of Transparency International regarding anticorruption reporting.

REVIEW PERIOD AND REPORT BOUNDARIES

This Report is based on activities during Siemens' fiscal 2014 (October 1, 2013 – September 30, 2014). Any exceptions are indicated as such. In general, all of our fully consolidated companies are covered by the Report. Here, too, possible exceptions regarding the data are indicated. Minority equity investments are not included in our reporting.

The indicators and information reported in the following relate to the Company's continuing operations, if not otherwise indicated. In order to ensure comparability of the details, those for the previous year were adjusted accordingly. Deviations are indicated.

DATA COLLECTION

Given Siemens' size and global spread, gathering data poses a major logistical challenge. Moreover, our companies throughout the world are required to comply with local regulations concerning the compilation and definition of performance figures, which means that the generated data is not always comparable. Where applicable, we point out any significant limitations in the information presented in the Report. As a rule, no company-wide standards exist for the information published in the Report. This applies in particular to specific financial figures, including, for example, the revenue attributable to the Environmental Portfolio. As a result, these figures may not be comparable with the data published under the same or similar designations by other companies. The data published in this Report is collected through various internal reporting systems which, for the most part, are different from those applicable to the financial information presented in our Consolidated Financial Statements. In particular, the standards and controls applied and the computer systems used during the preparation of the data can be less comprehensive in comparison. We reserve the right to change our internal guidelines regarding the inclusion of data in the Report without prior announcement. Due to rounding, numbers presented throughout this Report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

INDEPENDENT ASSURANCE REVIEW

We prepared our Report to high quality standards. Consequently, as in previous years, we again commissioned an independent accounting firm to conduct an assurance review of the [C.8 SUSTAINABILITY AND CITIZENSHIP](#) chapter in the [SIEMENS ANNUAL REPORT 2014](#) and the "Facts and figures" chapter of this Report to provide a limited degree of certainty. You can find the results of the review by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft on [PAGE 18](#). For such limited assurance reviews, which provide a limited degree of certainty,

the evidence gathering procedures are more limited than in a reasonable assurance engagement. The auditors merely confirm that nothing has come to their attention during the review that would cause them to believe that the information contained in the [C.8 SUSTAINABILITY AND CITIZENSHIP](#) chapter in the [SIEMENS ANNUAL REPORT 2014](#) and in the "Facts and figures" chapter of this Report has not been prepared, in all material respects, with the criteria of the Global Reporting Initiative (GRI).

Employees*

Siemens employees¹

	Year ended September 30,	
	2014	2013
Siemens (in thousands)	357	367
Europe, C.I.S., ² Africa, Middle East (as a percentage of total employees)	61	60
Americas (as a percentage of total employees)	21	22
Asia, Australia (as a percentage of total employees)	18	18

- 1 Discrepancies in totals are the result of rounding.
- 2 Commonwealth of Independent States.

Proportion of women (as a percentage of total employees)

	Year ended September 30,	
	2014	2013
Siemens	24	24
Europe, C.I.S., ¹ Africa, Middle East	22	22
Americas	26	26
Asia, Australia	28	28

- 1 Commonwealth of Independent States.

Employees in management positions¹

	Year ended September 30,	
	2014	2013
Siemens	53,300	50,200
Female employees in management positions (percentage of all management positions)	15.6	15.6

- 1 Employees in management positions include all managers with disciplinary responsibility, plus project managers.

EMPLOYEE DEVELOPMENT

New hires were down by 5% in the year under review. In the same period, exits were down by 24%. The percentage of all Company dismissals was 19% for the year, compared with 21% the year before. All other variations result from changes in the basis of consolidation and other changes.

- * All figures quoted in this section refer to continuing and discontinued operations; any deviations from this are indicated.

Siemens employee hires (in thousands)¹

	Year ended September 30,	
	2014	2013
Siemens	33.5	35.4
Europe, C.I.S., ² Africa, Middle East	14.7	14.6
Americas	8.9	10.0
Asia, Australia	9.9	10.8

- 1 Discrepancies in totals are the result of rounding.
- 2 Commonwealth of Independent States.

Women hired (as a percentage of new hires)

	Year ended September 30,	
	2014	2013
Siemens	29	32
Europe, C.I.S., ¹ Africa, Middle East	27	26
Americas	30	28
Asia, Australia	32	44

- 1 Commonwealth of Independent States.

Hires decreased among others due to the spinoff and public listing of OSRAM in July 2013.

Siemens employee exits (in thousands)

	Year ended September 30,	
	2014	2013
Siemens	32.5	42.7

Employee turnover rate (in %)¹

	Year ended September 30,	
	2014	2013
Employee decision	4.1	4.9
Other reasons for exit	4.9	5.9
Total	9.1	10.8

- 1 Employee turnover rate is defined as the ratio of voluntary and involuntary exits from Siemens during the fiscal year to the average number of employees.

Retiring within the next five years (as a percentage of total employees)¹

	Year ended September 30,	
	2014	2013
Siemens	14	13

- 1 Based on the Siemens worldwide average retirement age of 60.

CHANGES IN AGE STRUCTURE

The distribution of employees by age group remained virtually unchanged compared to the year before. The median age in the year under review was 41.

Age structure in FY 2014 (as a percentage of total employees)¹

	< 35	35 – 44	45 – 54	> 54
	Siemens	33	27	26
Europe, C.I.S., ² Africa, Middle East	28	27	30	15
Americas	27	26	27	20
Asia, Australia	56	30	11	3

- 1 Discrepancies in totals are the result of rounding.
- 2 Commonwealth of Independent States.

WORKING HOURS AND WORKING ARRANGEMENTS

Average official weekly working hours¹

	Year ended September 30,	
	2014	2013
Siemens	39.0	39.0
Europe, C.I.S., ² Africa, Middle East	37.6	37.6
Americas	41.1	41.1
Asia, Australia	41.3	41.4

- 1 Contractually agreed weekly working hours at the end of the fiscal year.
- 2 Commonwealth of Independent States.

Use of working hour programs at Siemens (in thousands)

	Year ended September 30,	
	2014	2013
Part-time	10.0	10.5
Employees on leave of absence	8.8	8.7

TIME SPENT ON CONTINUING EDUCATION BY CATEGORY

Compared to the previous fiscal year, the average number of hours spent on training by participants in the Siemens Leadership Excellence (SLE) programs remained unchanged in fiscal 2014. Training measures at corporate management level are decided and implemented as needed in close cooperation with the CEO and the Company's Managing Board.

**Average number of training hours per participant
in FY 2014 per category¹**

	Year ended September 30,	
	2014	2013
Corporate management (0 participants)	–	16
Top management		
New appointees (0 participants)	–	56
SLE Training Alumni (41 participants)	25	–
New general management appointees (117 participants)	94	94
New higher management appointees (364 participants)	64	64
New management appointees (475 participants)	66	66

¹ Based on mandatory participants in Siemens Leadership Excellence programs or Executive Courses.

Occupational health and safety management

ACCIDENTS WORLDWIDE

When recording lost-time injuries (LTIs), we incorporate the applicable national definitions for work-related incidents.

LTIFR employees and contractors¹

	Year ended September 30,	
	2014	2013
Employees ²	0.61	0.70
Contractors ³	0.40	0.36

¹ Lost-time injury frequency rate: number of lost-time injuries (LTI) x 200,000/work hours performed; LTIs are accidents that result in at least one lost day of work.

² Depending on national regulations, foreign or temporary workers may also count as employees.

³ Contractors who bill by time, especially those who work on large project sites.

In order to reduce the number of accidents, we have introduced additional business-specific actions and programs, particularly on construction sites and in projects. We also take a very rigorous approach to selecting contractor companies and have introduced even more stringent occupational safety requirements. Part of this approach is that specifically for the health and safety management, we require a detailed risk assessment for every construction site, an appraisal of the risks identified, and measures to minimize or avoid them. As a result of the systematic assessment process that we developed and introduced in

fiscal 2012, 73 contractor companies were excluded from Siemens projects in India as of the end of the year under review. They will not be reconsidered by us as potential contractors until the issues objected to have been rectified and they have successfully completed our assessment process again.

Significant progress in enhancing the collaboration with contractors and improving the safety culture was made in India and the Middle East. Currently we are using our experiences from India and plan to rollout the concept of the successful “Suraksha” (Hindi for safety) project also in China and intensify our occupational safety training for contractors and own employees. In fiscal 2015 we plan to roll-out specially devised health and safety audits at Siemens construction sites and contractors’ locations, which were successfully piloted in India and Bangladesh during fiscal 2013 and 2014.

Additionally, in the year under review, the Zero Harm Culture @ Siemens program was reinforced in all parts of the Company by facilitated self-assessment and by best practice exchange, resulting in several improvement measures.

OCCUPATIONAL ILLNESS

The total number of cases of occupational illness relative to the number of employees has remained at a low level for many years. The corresponding indicator (occupational illness frequency rate, OIFR) relative to 1,000,000 work hours performed was 0.36 in the year under review (FY 2013: 0.26). Here we report only the figures for Siemens AG. The OFIR is calculated solely on the basis of cases of occupational illness recognized by the Employers’ Liability Insurance Association.

PROMOTING HEALTH

We are convinced that sustainable health promotion among our employees will only succeed if all health-related measures and initiatives are consistently aligned with the permanently changing requirements of today’s working environment, and complement each other in a sensible manner. Simply increasing the number of individual measures in itself is not enough. A systematic approach is called for, within which health is actively managed as a resource. Accordingly, during fiscal 2013, Siemens inaugurated the Company-wide program “Healthy @ Siemens” which is based on a methodical approach, and supports a continuous improvement process within health management – true to the principle: A targeted approach – that works!

Supply chain management

REQUIREMENTS FOR SUPPLIERS

We expect all our suppliers to make a clear commitment to the principles of sustainability. Our requirements – such as respect for the basic rights of employees, health and safety, environmental protection and zero-tolerance on corruption and bribery – are defined in the Code of Conduct for Siemens Suppliers. Under the relevant clauses in our procurement contracts and our Conditions of Purchase, all Siemens suppliers must undertake to meet these requirements and also promote compliance with them in their own supply chain. The Code of Conduct for Siemens Suppliers is based on the ten principles of the UN Global Compact and reflects the content of our Siemens Business Conduct Guidelines.

IDENTIFYING RISKS AND IMPLEMENTING MEASURES FOR IMPROVEMENT

We procure from some 90,000 suppliers in over 160 countries and constantly increase the share of sourcing from Global Value Sourcing (GVS) countries, which are generally emerging economies.

Because this supplier network is very large and widely spread, it is not possible for us to inspect all suppliers to the same extent by auditing them on site. We have therefore established a risk-based system of appropriate processes to enable us to systematically identify potential risks in our supply chain. It consists of sustainability self-assessments by suppliers, risk evaluation conducted by our purchasing department, sustainability questions within supplier quality audits, and sustainability audits by external auditors.

Sustainability self-assessments¹

Number	Year ended September 30,	
	2014	2013
Europe, C.I.S., ² Africa, Middle East	549	587
Americas	423	817
Asia, Australia	1,162	1,712
Total	2,134	3,116

Results	Year ended September 30,	
	2014	2013
Category "green" (no deviations)	1,464	2,192
Category "yellow" (minor deviations) ³	342	486
Category "red" (suspicion of serious deviations) ³	328	438
Total	2,134	3,116

- 1 To be conducted mainly by suppliers from non-OECD states with a purchasing volume > €50,000 p.a. Questionnaires initiated and completed in the year under review.
- 2 Commonwealth of Independent States.
- 3 Clarification of the situation by the designated buyer, agreement on corrective measures within a defined period of time, or conduct of an external sustainability audit.

The sustainability self-assessments are, as part of the Siemens supplier qualification process, under continuous review in order to meet the latest requirements. We developed the process further and in the year under review focused once more on the qualification of new suppliers resulting in a decline in the number of conducted self-assessments compared to the previous year.

Supplier quality audits with integrated sustainability questions

Number	Year ended September 30,	
	2014	2013
Europe, C.I.S., ¹ Africa, Middle East	443	264
Americas	191	94
Asia, Australia	237	303
Total	871	661

- 1 Commonwealth of Independent States.

In late fiscal 2013 and during the year under review, we increased the number of supplier quality audits with integrated sustainability questions due to a modification of the audit procedure. We now assess sustainability in all supplier quality audits as part of the modified procedure.

External sustainability audits

Number	Year ended September 30,	
	2014	2013
Europe, C.I.S., ¹ Africa, Middle East	9	49
Amerika	7	36
Asien, Australien	33	236
Gesamt	49	321

Agreed improvement measures ²	Year ended September 30,	
	2014	2013
Legal compliance/prohibition of corruption and bribery	203	1,306
Respect for the basic human rights of employees	331	1,976
Prohibition of child labor	24	153
Health and safety of employees	445	1,596
Environmental protection	44	612
Supply chain	67	272
Total	1,114	5,915

¹ Commonwealth of Independent States.

² Improvement measures agreed with suppliers relate either to actual deviations from the Code of Conduct for Siemens Suppliers or to structural improvements to management systems and the lack of specific processes and guidelines at the supplier.

Follow-up audits to external sustainability audits

Number	Year ended September 30,	
	2014	2013
Europe, C.I.S., ¹ Africa, Middle East	9	5
Americas	2	10
Asia, Australia	29	147
Total	40	162

¹ Commonwealth of Independent States.

Following the risk-based approach, a system of appropriate processes to enable us to systematically identify potential risks in our supply chain, we concentrated our capacities on supplier quality audits with integrated sustainability questions in fiscal 2014. We have therefore been able to decrease the number of external sustainability audits.

If deviations from our requirements are identified, they must be remedied by the suppliers in question within a reasonable period of time. In all we do, we are guided by the principles of developing our suppliers in close partnership and building up their competencies for the long term. Furthermore we conduct

follow-up audits, which entail revisiting the sites to establish whether the agreed measures have actually been implemented.

Deviations identified in the audits mainly relate to structural deficiencies in management systems and the lack of specific processes and guidelines at the supplier. This includes, for instance, measures to effectively prevent corruption and bribery and to rule out child labor. Serious deviations were identified at four suppliers but were corrected by the set deadline.

In the event of substantial deviations or an unwillingness to implement measures for improvement, we exclude suppliers from any business with Siemens. To be faster and more effective in reacting to major breaches of the Code of Conduct requirements – e.g. proven child labor issues – we have newly implemented the process of a “Central Warning Message,” which allows us to block suppliers for all Siemens organizations worldwide on short term.

Since fiscal 2012, we have tightened the requirements for occupational health and safety standards for suppliers at our project construction sites. Specifically, for the health and safety management systems, we require a detailed risk assessment for every site, an appraisal of the risks identified, and measures to minimize them. For fiscal 2015, we plan to roll-out specially devised health and safety audits which were successfully piloted in fiscal 2013 and 2014 in India and Bangladesh at Siemens construction sites and our contractors’ locations.

KNOW-HOW TRANSFER AND COMPETENCE BUILDING

We continue with our strategy and belief that our suppliers’ commitment to complying with our sustainability principles is most effective when it is based on their own convictions. The key is to build our suppliers’ competence and intensifying knowledge transfers related to sustainability. Together with personal meetings we support our suppliers with an internet-based information and training platform, which is available free of charge to all suppliers.

On top of that, sustainability is an integral part of the Company-wide training programs for buyers. Moreover, all employees with purchasing responsibility are obligated to take part in intranet-based training on the subject of “Sustainability in the Supply Chain.”

RESOURCE EFFICIENCY, CLIMATE PROTECTION AND REGULATORY REQUIREMENTS IN THE SUPPLY CHAIN

As part of CDP reporting, we collect and publish data on our greenhouse gas emissions (Scope 3) caused by purchased products and services. We have also examined our supply chain with regard to water shortage risks.

We work to minimize the environmental impact within our logistics and transport network. To this end, we have established a competence center. The measures we have initiated include the use of carriers with modern fleets, the optimization of our logistics networks, the contractual commitment of service providers to improving efficiency, and modal shifts, for example, from air freight to sea freight.

In 2014, we further adapted our internal supply chain processes to meet new regulatory requirements like the European Union Timber Regulation or the "Conflict minerals rule" which is mandatory for our customers in the USA. Both regulations require an in-depth transparency of the several tiers of our supply chain.

Siemens is aware of the difficult situation whereby products and components purchased from suppliers may contain minerals originating from conflict-affected countries. We have rolled out a uniform and group-wide process to determine the use, source and origin of conflict minerals in our supply chain. Close cooperation with our direct suppliers supports us in carrying out these steps. Where necessary, we work with suppliers in order to remediate risks and perform additional due diligence so that we can continue to source responsibly, building on established management processes.

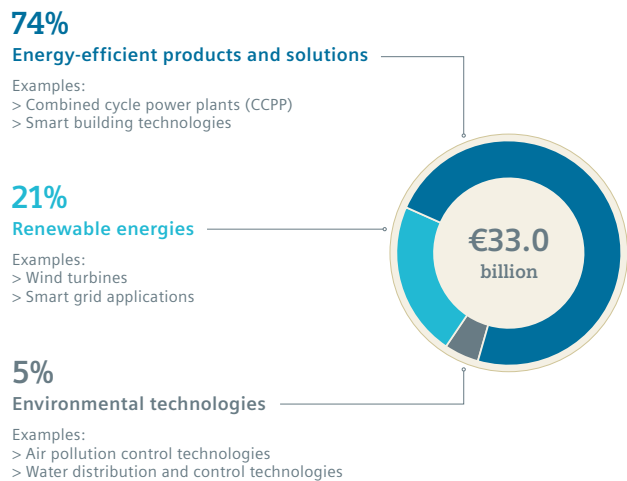
Siemens actively supported and plans to further support the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" as a pilot-member for the development of the respective due diligence processes which expressly recognizes a risk-based due diligence in the mineral supply chain. We also support industry-wide initiatives like the "Conflict-Free Sourcing Initiative."

Environmental Portfolio

In fiscal 2014 almost three quarters of the solutions in our Environmental Portfolio relate to energy efficiency and underline Siemens' continued strategic focus on technologies in this field. Energy efficiency is not only relevant in the consumption of energy, where for example Siemens industrial motors used in conjunction with variable speed drive technology can reduce energy consumption by up to 70%. The Environmental Portfolio also offers solutions that enable the efficient generation of energy, such as our highly efficient combined cycle power plants, which can achieve an efficiency rating in power production of more than 60%.

Renewable energies account for more than 20% of revenue generated by the Environmental Portfolio. Siemens is a leader in this field, with technological innovations such as gearless six megawatt turbines. Environmental technologies comprise a range of services and solutions related to water and air pollution control, as well as products from the Healthcare Sector where an environmental impact reduction is achieved by reducing noise, radiation, or weight.

Siemens Environmental Portfolio: breakdown by elements¹



¹ Distribution based on qualification process.

INDEPENDENT ASSURANCE ENGAGEMENT

As in previous years, we again commissioned an independent accounting firm with a limited assurance engagement to review the reported results for our Environmental Portfolio for fiscal 2014. This review was conducted in accordance with the International Standard on Assurance Engagements (ISAE)

3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Nothing came to the attention of the independent accounting firm that would cause them to believe that the Siemens Environmental Portfolio section of the Environmental Portfolio Report – containing the revenue generated by the Environmental Portfolio and the annual customer reduction of carbon dioxide emissions attributable to it – has not been prepared, in all material respects, in accordance with the defined reporting principles.

The independent assurance report is available at:

WWW.SIEMENS.COM/EPREPORT.

Environmental protection – Industrial environmental protection

REPORTING ON ENVIRONMENTAL FACTORS AND COLLECTING ENVIRONMENTAL DATA

In fiscal 2014, we used our environmental information system to analyze 324 reports from sites in 46 countries where defined threshold values were exceeded for parameters such as energy use, resource consumption, emissions, and environmental management. To measure and monitor our environmental impact, we use absolute values such as energy consumption in gigajoules. We report environmental data on a portfolio-adjusted basis. Extrapolation to 100% was applied to reflect complete consumptions in our figures. Overall, the extrapolation was significant only for primary energy with 18% and for water and waste water with 10% to the figures reported. We calculate our key performance indicators (KPIs) for all office and production sites of environmental relevance using environmental data gathered quarterly. We calculate environmental performance on a portfolio-adjusted basis. This approach enables us to survey and compare our environmental performance over time, regardless of acquisitions and disposals.

ENVIRONMENTAL MANAGEMENT SYSTEM

All our locations have an environmental management system in place; 262 of them are also certified in accordance with ISO 14001. The majority of these, 258 sites, are externally certified, while four have been audited and certified by Siemens internal auditors. The decision as to whether a unit has its environmental management system certified in accordance with ISO 14001 is made by the environmental protection executives of the businesses and countries in close consultation with the environmental protection officers. 27 Siemens locations have implemented an energy management system in accordance with ISO 50001. Further locations are in the process of implementation.

ENERGY CONSUMPTION

Primary energy (1,000 gigajoules)¹

	Year ended September 30,	
	2014	2013
Natural gas/liquid petroleum gas	4,847	5,469
Fuel oil, coal, gasoline/diesel	455	582
Total	5,302	6,050²

- 1 Discrepancies in totals are the result of rounding.
- 2 Energy consumption in fiscal 2013 increased by 6.2% due to a changed extrapolation method.

In fiscal 2014, the total consumption of natural and liquid petroleum gases has declined by 11%. The consumption of other fossil fuels plays a minor role compared to gas consumption and has decreased by 22%. In particular, there was a reduction in the consumption of on-site car fuels and fuel oil. Overall, the total primary energy consumption decreased by 12% compared to the previous year, mostly due to the shorter heating period in Europe.

Secondary energy (1,000 gigajoules)

	Year ended September 30,	
	2014	2013
Electricity	9,020	9,524
District heating	2,208	2,656
Total	11,228	12,180

Electricity consumption has declined by 5% year-on-year due to a slightly lower work load and implemented efficiency measures. The consumption of district heating decreased in line with the trend recorded for liquid petroleum gas and natural gas, mostly due to the shorter heating period in Europe compared to previous years by 17%.

In order to use energy efficiently, the Siemens Energy Efficiency Program continued in fiscal 2014. Energy-saving projects have been realized and energy management systems have been implemented at energy-intensive locations. For example at three Industry Automation sites approximately 10 GWh and 1,800 metric tons CO₂ are now saved annually following the establishment of energy management systems.

In addition to energy consumption at the locations reported above, the energy consumed by the Company's business vehicles is recorded centrally. Staff vehicles, service vehicles, and

trucks owned by Siemens are grouped together for this purpose. In fiscal 2014, the Company fleet consumed fuel with an energy content of around 4.2 million gigajoules.

GREENHOUSE GAS EMISSIONS

Our greenhouse gas balance is made up of the total emissions at our locations and the emissions caused by Company vehicles and business travel. We report our greenhouse gas emissions on the basis of the Corporate Standard of the Greenhouse Gas Protocol of the World Resource Institute and of the World Business Council for Sustainable Development. Direct greenhouse gas emissions (Scope 1) arise from sources in the Company's ownership or under its control. Indirect greenhouse gas emissions (Scope 2) refer to the consumption of purchased electrical energy and district heating. Business travel is reported in Scope 3 because it is based on the use of services and vehicles provided by external companies.

Greenhouse gas emissions (in 1,000 metric tons of CO₂ equivalents)

	Year ended September 30,	
	2014	2013
Scope 1	899	997
Scope 2	1,281	1,321
Scope 3 ¹	393	401
Total	2,573	2,719

¹ Emissions from travel (flights, rail, rental cars).

Distribution of greenhouse gas emissions (in %)¹

	Year ended September 30,	
	2014	2013
Electricity and district heating	50	49
Natural gas, liquid petroleum gas, heating oil, fuels	25	27
Other Kyoto gases ²	10	10
Business travel	15	15

¹ Discrepancies in totals are the result of rounding.

² This includes technical CO₂, SF₆, HFC, PFC, CH₄ and N₂O.

Direct greenhouse gas emissions (Scope 1) have been reduced by 10%. This is mainly due to lower heat demand, reduced fleet fuel consumption and the improved handling of sulfur hexafluoride (SF₆). Electricity and district heating emissions (Scope 2) decreased by 3%, due to lower consumption of district heating. Emissions from business travel could be reduced by 2%. Especially emissions from flights and train travel were reduced. In total, greenhouse gas emissions decreased by 5% year-on-year.

ATMOSPHERIC POLLUTANT EMISSIONS

Other industrial emissions into the atmosphere are also relevant in terms of environmental protection. Volatile organic compounds (VOC) contribute to the formation of ozone close to the earth's surface and are responsible for what is known as summer smog. We use these organic compounds as solvents in paints and adhesives, in impregnation processes, and for surface cleaning. We also monitor the use of ozone-depleting substances (ODS) and comply with the Montreal Protocol, an international convention on the protection of the ozone layer, as well as with country-specific legislation.

Atmospheric pollutant emissions (in metric tons)

	Year ended September 30,	
	2014	2013
Volatile organic compounds	904	809
Ozone-depleting substances in metric tons of R11 equivalent ¹	0.15	0.13

¹ R11 equivalent measures ozone depletion potential.

The emissions of volatile organic carbon increased due to the fact that some users of VOC's expanded their production volumes. The volume of emissions of ozone depleting substances rose slightly from 0.13 t to 0.15 t R 11 equivalents. However, we are seeing an increasing awareness to balance emissions and implement phase out plans for a step by step substitution.

In calculating nitrogen oxides, we have assumed typical combustion conditions in the relevant thermal processes, resulting in a figure of 185 metric tons for environmentally relevant locations in the year under review. The figure includes nitrogen oxides released during the incineration of fuels reported in the section on primary energy.

WASTE

The environmental relevance of waste depends on the type of waste and its method of disposal. We differentiate between hazardous and non-hazardous waste. These two groups are further divided into recyclable waste and waste for disposal. We report waste from construction or demolition work separately because this kind of waste material arises independently of production.

Waste (in 1,000 metric tons)

	Year ended September 30,	
	2014	2013
Non-hazardous waste	318	315
Hazardous waste	27	29
Construction waste	211	25
Total	556	369

Year-on-year, the non-hazardous waste increased by 1%, however we were able to reduce the volume of hazardous waste by 9%. Overall, the quantity of waste (excluding construction waste) remained unchanged. The increased volume of construction waste in comparison to fiscal 2013 was due to the demolition of an office building in Munich.

Recycling (in %, including construction waste)

	Year ended September 30,	
	2014	2013
Share of recycling in total waste	86	84

The waste recycling rate was 86%, 2% higher than in fiscal 2013. This is due to the higher proportion of recycling waste in demolition projects.

WATER AND WASTEWATER

Water consumption (in million cubic meters)¹

	Year ended September 30,	
	2014	2013
Water consumption	8.0	8.8

¹ Does not include 19.5 million cubic meters of cooling water drawn from groundwater and surface water resources and returned chemically unchanged, but warmed.

In the year under review, Siemens' water consumption fell slightly, partially due to water conservation projects.

Wastewater (in million cubic meters)^{1,2}

	Year ended September 30,	
	2014	2013
Cooling water	0.5	0.5
Wastewater from employee facilities	5.2	5.9
Wastewater from manufacturing processes (total)	0.8	0.9
Other (incl. losses)	1.5	1.5
Total	7.9	8.7

¹ Does not include 19.5 million cubic meters of cooling water drawn from groundwater and surface water resources and returned chemically unchanged, but warmed.

² Discrepancies in totals are the result of rounding.

ENVIRONMENT-RELATED INCIDENTS AND PENALTIES

In the year under review, we recorded 15 environmentally relevant incidents. These are occurrences that must be notified to the authorities – notifiable incidents – or that had an external impact on the environment. One of them involved releases into bodies of water or sewer networks, ten the discharge of oil, diesel or resins, and one related to atmospheric emissions.

Three incidents were due to nonconformance with terms and conditions of permits. We remediated the minor damages and analyzed the incidents to prevent future recurrence. Total fines from penalties in the year under review were not significant.

BIODIVERSITY

Siemens' activities have an impact on nature and wildlife at its own locations. Our employees demonstrate their commitment to the conservation of nature and wildlife with projects at local level such as planting trees or greening roofs thus restoring green spaces improving the microclimate, and protecting wildlife.

Environmental protection – Product-related environmental protection

LIFE-CYCLE THINKING

At Siemens, closing material loops (cradle to cradle) is becoming increasingly important for resource conservation in product development. For this reason, it is included in our internal environmental standard and closes the information loop between the end of life of one product and the development phase of a new product for our product designers. It means that by reusing, refurbishing, or recycling products, components, or materials, they go through more than just one lifecycle, and therefore make a substantial contribution to the protection of the environment. In this context, the use of critical substances in an electronic product can greatly impact the product's recyclability. As far as technically feasible, Siemens avoids the use of all LoDS (List of Declarable Substances) listed substances in its products worldwide, thereby exceeding existing statutory requirements.

During the supplier qualification process, new suppliers must commit to declaring substances listed on the LoDS. These basic substance declaration requirements are mandatory for our suppliers and are included in procurement and project contracts. In real terms, this means that our suppliers must notify us if their products and components contain declarable substances and must provide us with the relevant detailed information. To make an easy-to-use method with high data quality readily available, Siemens relies on an internet-hosted database in which our suppliers declare the substances they use in their products.

At the end of the life-cycle, the handling of used electrical and electronic equipment or its disposal entails much more than collecting and recycling old devices. It is therefore important to have an adequate return and recycling system in place for such devices or even to run a refurbishing process for complete systems as our Healthcare activities demonstrate.

LIFECYCLE ASSESSMENTS AND ENVIRONMENTAL PRODUCT DECLARATIONS

We use specific software solutions and scientifically recognized databases to determine and evaluate the ecological footprint of our products and solutions on the basis of LCAs. In addition to detailed lifecycle assessments (full-scale LCAs), we make use, where appropriate, of simplified lifecycle assessments (screening LCAs) such as CO₂ screenings.

The results of the LCAs are the basis of our environmental product declarations (EPDs) and support product development. In this way, we help our customers improve their current and future environmental impact. To ensure that our EPDs offer a consistent level throughout the Company, we bring together the experience of the individual Business Units in the form of a dedicated panel of experts. To optimize internal processes the panel of experts developed a process guidance for the preparation of environmental product declarations. In the year under review this guidance has been verified by an external auditor for compliance with the criteria set out in ISO 14025. By applying this process guidance, Siemens increases its standard of quality regarding EPD creation.

Lifecycle assessments and environmental product declarations (percentage of revenue covered)

	Year ended September 30,	
	2014	2013
Full-scale-LCA	66	62
Screening-LCA	56	53
EPD	69	69

We consider the revenue of a Business Unit in relation to Siemens revenue once we have carried out at least one "Full-scale LCA," "Screening LCA," or "EPD" for their products or systems. No product-related coverage is calculated.

Corporate Citizenship

We demonstrate our social commitment on the basis of figures. That is why we provide information about our donations by category and region.

Donations

	Year ended September 30,	
	2014	2013
Total (in millions of €)	27.4	27.0
Share of net profit (in %)	0.5	0.6

Donations by category (in millions of €)¹

	Year ended September 30,	
	2014	2013
Education and science	15.6	17.1
Social	7.2	5.4
Arts and culture	4.4	4.3
Environment	0.2	0.2
Total	27.4	27.0

¹ Discrepancies in totals are the result of rounding.

Donations by region (in millions of €)¹

	Year ended September 30,	
	2014	2013
Europe, C.I.S., ² Africa, Middle East	16.4	12.8
<i>therein Germany</i>	12.3	9.7
Americas	8.0	9.6
Asia, Australia	3.1	4.5
Total	27.4	27.0

¹ Discrepancies in totals are the result of rounding.

² Commonwealth of Independent States.

The Siemens Stiftung – The Siemens Stiftung wants to empower people to actively contribute towards solutions to social challenges. It focuses on holistic, non-business-related, transferable projects and models in sub-Saharan Africa, Latin America and Europe (with a particular emphasis on Germany).

Established in 2008 with a capital of €390 million, Siemens Stiftung is a nonprofit foundation under German civil law. It complements Siemens' corporate citizenship activities and cooperates with the other six corporate foundations established by the Company in Argentina, Brazil, Columbia, Denmark, France and the United States.

Assurance report and indices

18 | Independent assurance report

20 | United Nations Global Compact

22 | United Nations Water Mandate

23 | Global Reporting Initiative

**24 | Notes and
forward-looking statements**

25 | Information resources

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German print version of the chapter "Sustainability and Citizenship" of the "Combined Management Report" in the "Siemens Annual Report 2014" and to the German PDF-version of the chapter "Facts and Figures" of the report "Additional Sustainability information to the Siemens Annual Report 2014." The following text is a translation of the original German Independent Assurance Report.

To Siemens AG, Berlin and Munich

OUR ENGAGEMENT

We have been engaged to perform a limited assurance engagement on the chapter "Sustainability and Citizenship" of the "Combined Management Report" in the "Siemens Annual Report 2014" and the chapter "Facts and Figures" of the report "Additional Sustainability information to the Siemens Annual Report 2014" of Siemens AG (hereinafter: the sustainability reporting) for the reporting period from October 1, 2013 to September 30, 2014.

The Siemens Annual Report 2014 is published as a print version and as an online version at www.siemens.com/annualreport. The report "Additional Sustainability information to the Siemens Annual Report 2014" is published solely as an online version at www.siemens.com/ar/sustainability-figures.

LIMITATIONS OF OUR ENGAGEMENT

Our engagement is exclusively limited to the German print version of the chapter "Sustainability and Citizenship" of the "Combined Management Report" in the "Siemens Annual Report 2014" and to the chapter "Facts and Figures" of the report "Additional Sustainability information to the Siemens Annual Report 2014". Our engagement did not include any prospective statements and links to other web pages.

CRITERIA

We assessed the report against the criteria set out in the Sustainability Reporting Guidelines G3.0 issued by the Global Reporting Initiative (GRI). We believe that these criteria are suitable for our assurance engagement.

MANAGEMENT'S RESPONSIBILITY

The Managing Board of Siemens AG is responsible for the preparation and the content of the sustainability reporting in compliance with the above-mentioned criteria. This responsibility includes the design, implementation and maintenance of internal controls for the preparation of a sustainability reporting that is free from material misstatements, in accordance with the above mentioned criteria and based on suitable methods for gathering source data including judgments and estimates of the individual sustainability data.

OUR RESPONSIBILITY

Our responsibility is to issue an assurance report on the sustainability reporting based on our work performed.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with our professional duties and plan and perform the assurance engagement to obtain a limited level of assurance to preclude that the sustainability reporting is not in accordance, in material respects, with the aforementioned reporting principles and criteria. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement.

During the engagement, we observed the independence requirements of the IFAC Code of Ethics for Professional Accountants.

KEY PROCEDURES

The performance of our engagement mainly involved the following work:

- > Inquiries of employees concerning the sustainability strategy, sustainability principles and sustainability management including the stakeholder dialog of Siemens AG.
- > Inquiries of employees responsible in the central Corporate Development Strategy – Sustainability department for the preparation of the sustainability reporting in order to assess the sustainability reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for a review of the sustainability reporting.
- > Inquiries of employees responsible in the corporate departments for the topics employees, occupational safety and health management, research and development, supply chain management, distribution and customer relations, environmental portfolio, environmental protection and corporate citizenship to assess the data capture and compilation methods as well as internal controls to the extent relevant for the review of the sustainability reporting.
- > Inspection of the relevant documentation of the systems and processes for compiling, analyzing, and aggregating sustainability data in the reporting period and testing such documentation on a sample of basis.
- > Analytical measures at Group level, on the level of sectors and divisions regarding the quality of the reported data.
- > Inquiries and inspection of documents on a sample basis relating to the collection and reporting of the sustainability data from the topics industrial environmental protection and occupational safety during site visits
 - at the Energy locations in Berlin and Wuhan (China),
 - at the Healthcare location in Kemnath,

- at the Industry locations in Tianjin (China) and New Kensington (USA),
 - at the Infrastructure & Cities location in Krefeld,
 - at the Siemens Real Estate location in Erlangen,
 - at the Regional Company Austria in Vienna
 - as well as at sector-level for sectors Healthcare, Industry and Infrastructure & Cities.
- > Inquiries of employees from selected departments at the Group’s headquarters, corporate departments, sectors and divisions and at the sites visited on material qualitative statements in the sustainability reporting as well as the inspection of selected underlying documents.
- > Review of material qualitative statements in the sustainability reporting for plausibility and consistency.

OUR CONCLUSION

Based on our procedures performed to obtain a limited level of assurance, nothing has come to our attention that causes us to believe that the information in the chapter “Sustainability and Citizenship” of the “Combined Management Report” in the “Siemens Annual Report 2014” and in the chapter “Facts and Figures” of the report “Additional Sustainability Information to the Siemens Annual Report 2014” has not been prepared, in all material respects, in accordance with the aforementioned criteria.

Munich, January 22, 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Spannagl
Wirtschaftsprüfer
(German Public Auditor)

Annette Johne
Wirtschaftsprüferin
(German Public Auditor)

Siemens has been a participant in the UN Global Compact since 2003 and is expressly committed to upholding the Compact's ten principles. This document, and in particular the following

report index, describes the progress we have made during the year – broken down according to the systems and measures we have implemented and our achievements.

Index according to the ten principles of the Global Compact

Principle	Systems	Measures	Achievements
<p>Principle 1 Support of human rights</p> <p>Principle 2 Exclusion of human rights abuses</p> <p>Principle 3 Assurance of freedom of association</p> <p>Principle 4 Elimination of all forms of forced labor</p> <p>Principle 5 Abolition of child labor</p>	<p>With the Siemens Business Conduct Guidelines we have committed ourselves to observing human rights and the core labor standards. With our Code of Conduct for Siemens Suppliers we ensure that these basic rights and principles are also observed in our supply chain.</p> <p>Employees → SIEMENS ANNUAL REPORT, PAGE 216 Compliance Report → SIEMENS ANNUAL REPORT, PAGE 138 Supply Chain Management → SIEMENS ANNUAL REPORT, PAGE 220 → THIS REPORT PAGE 10</p>	<p>We operate a modular, risk-based system to check that all our suppliers are adhering to our Code of Conduct for Siemens Suppliers. It consists of the following components:</p> <ul style="list-style-type: none"> > sustainability self-assessments by suppliers, > risk evaluation conducted by our purchasing department, > supplier quality audits with integrated sustainability questions, > external sustainability audits. <p>Supply Chain Management → SIEMENS ANNUAL REPORT, PAGE 220 → THIS REPORT PAGE 10</p>	<p>In the year under review, the number of sustainability self-assessments added up to 2,134. We conducted 871 supplier quality audits with integrated sustainability questions and 49 external sustainability audits. In the external sustainability audits, we identified a total of 1,114 potential improvements: 30% (331) involved improvements in the area of “respect of basic employee rights,” and 2% (24) in the area of “prohibition of child labor.” 40 follow-up audits were conducted on site to verify the agreed measures for improvement. The main objections related to poor aspects of policies and processes, especially in regard to child labor.</p> <p>Supply Chain Management → SIEMENS ANNUAL REPORT, PAGE 220 → THIS REPORT PAGE 10</p>
<p>Principle 6 Elimination of discrimination</p>	<p>We do not tolerate discrimination and have anchored that in the Siemens Business Conduct Guidelines. We actively foster diversity within the Company through the Siemens Diversity Initiative.</p> <p>Employees → SIEMENS ANNUAL REPORT, PAGE 216</p>	<p>Our various global diversity networks promote and discuss diversity topics across the Company. These groups and programs include the Global Leadership Organization of Women (GLOW), Diversity Ambassador and GENE, our generations network to foster cross-generation exchange. In addition, we have over 140 local employee networks worldwide with employees actively engaged in diversity-related programs and activities. The success of all measures is assessed annually in the diversity scorecard.</p> <p>Employees → SIEMENS ANNUAL REPORT, PAGE 216</p>	<p>In the year under review, women accounted for 24% of our total workforce. The proportion of female employees in management positions at Siemens has risen continuously in recent years and is now 15.6%.</p> <p>Employees → SIEMENS ANNUAL REPORT, PAGE 216 → THIS REPORT PAGE 7</p>
<p>Principle 7 Precautionary approach to environmental protection</p>	<p>We have embedded our responsibility for environmental protection in our in-house environmental standard. On top of that, all our locations have an environmental management system; 262 of them have been certified according to ISO 14001.</p> <p>Environmental protection → SIEMENS ANNUAL REPORT, PAGE 222 → THIS REPORT PAGE 13</p>	<p>We took extensive action in this field by continuing our “Serve the Environment” program and our Energy Efficiency Program (EEP). As far as product-related environmental protection is concerned, the program “Product-Eco Excellence” enables us to define environmental requirements throughout the product lifecycle.</p> <p>Environmental protection → SIEMENS ANNUAL REPORT, PAGE 222 → THIS REPORT PAGE 13</p>	<p>Our increases in efficiency relative to fiscal 2010 were as follows in the year under review: Energy efficiency 11%, waste efficiency 12%, waste for disposal reduction 8% and CO₂ emission efficiency 20%.</p> <p>Environmental protection → SIEMENS ANNUAL REPORT, PAGE 222 → THIS REPORT PAGE 13</p>

Index according to the ten principles of the Global Compact

Principle	Systems	Measures	Achievements
<p>Principle 8 Specific initiatives to promote environmental protection</p>	<p>Raising our employees' awareness of environmental and climate protection is an element of both our environmental strategy and our social commitment. With internal communications measures and our corporate citizenship focus on "environmental," we help create a greater sense of responsibility for ecological issues.</p> <p>Environmental protection ➤ SIEMENS ANNUAL REPORT, PAGE 222 → THIS REPORT PAGE 13</p> <p>Corporate citizenship ➤ SIEMENS ANNUAL REPORT, PAGE 224 → THIS REPORT PAGE 16</p>	<p>Siemens maintains a global environmental communications network to ensure that knowledge about environmental management, methods, solutions and experiences is communicated across locations, Businesses and national borders. For instance, Division environmental officers meet several times a year. At an international level, we maintain communication at annual meetings of the Regions.</p> <p>Environmental protection ➤ SIEMENS ANNUAL REPORT, PAGE 222 → THIS REPORT PAGE 13</p>	<p>In the year under review, we donated around €27.4 million for corporate citizenship activities, of which €15.6 million went to education and science and €0.2 million to environmental activities.</p> <p>Corporate citizenship ➤ SIEMENS ANNUAL REPORT, PAGE 224 → THIS REPORT PAGE 16</p>
<p>Principle 9 Development and diffusion of environmentally friendly technologies</p>	<p>As part of our Environmental Portfolio, we develop and market products, solutions and services that enable our customers to reduce their CO₂ emissions, lower lifecycle costs and protect the environment.</p> <p>Environmental portfolio ➤ SIEMENS ANNUAL REPORT, PAGE 221 → THIS REPORT PAGE 12</p>	<p>In the year under review, we added new elements to the Siemens Environmental Portfolio.</p> <p>Environmental portfolio ➤ SIEMENS ANNUAL REPORT, PAGE 221 → THIS REPORT PAGE 12</p>	<p>The Environmental Portfolio elements that were installed for our customers from 2002 to 2014 helped them cut their CO₂ emissions by 428 million tons in the year under review.</p> <p>Environmental portfolio ➤ SIEMENS ANNUAL REPORT, PAGE 221 → THIS REPORT PAGE 12</p>
<p>Principle 10 Measures against corruption</p>	<p>The Siemens Business Conduct Guidelines provide the ethical and legal framework within which we conduct our business activities. Our compliance system aims to ensure that all our worldwide business practices remain within this framework as well as in compliance with applicable laws. To serve this purpose, our compliance system includes three pillars: prevent, detect and respond.</p> <p>Compliance Report ➤ SIEMENS ANNUAL REPORT, PAGE 138</p>	<p>We have a system of four compliance priorities to further develop and improve our compliance system. These priorities, which guided our activities in fiscal 2014, include the conclusion of project- and market-specific Collective Action agreements and the launch of the second funding round of the Siemens Integrity Initiative. We have also carried out a project to reinforce our business-partner compliance due diligence process. The company's compliance risk assessment process has been further developed: Besides other improvements Data Privacy has been included therein as part of our activities to integrate Data Privacy into the Compliance System.</p> <p>Compliance Report ➤ SIEMENS ANNUAL REPORT, PAGE 138</p>	<p>We have introduced a web-based compliance training program, which is mandatory for certain business partners before they can enter into a business relationship with our Company.</p> <p>In August 2014, a code of conduct was signed for the first time by around 190 companies associated with the Colombian Chamber of Goods and Oil Services (CAMPETROL) as well as several oil and gas operators. The signatories, of whom Siemens is one, have also agreed to disclose serious cases to CAMPETROL and the Regional Center of the United Nations Global Compact. Furthermore, a compliance pact has been signed to support the enforcement of the code of conduct.</p> <p>The second funding round of the Siemens Integrity Initiative was announced on June 27, 2013. The selected projects are to receive approximately US\$30.0 million of total funding over a period of three to five years. We began concluding the funding contracts in October 2014.</p> <p>Compliance Report ➤ SIEMENS ANNUAL REPORT, PAGE 138</p>

Progress report

Siemens became a signatory to the United Nations CEO Water Mandate in 2008. Our continuing support for the CEO Water Mandate reflects our commitment on two fronts: Firstly, managing water efficiently in our own facilities. Secondly, providing solutions that help our customers handle water and waste water more economically.

1. OUR OWN ACTIVITIES

For more information about the resource conservation and water consumption goals at Siemens locations, see section Environmental Protection ([↗ SIEMENS ANNUAL REPORT, PAGE 222, AND THIS REPORT → PAGE 13](#)). We are pursuing a new approach to water resources management that was developed in 2012. At locations where there are increased water-related risks – for example, as a result of aridity, high wastewater loads, or poorly developed technical infrastructures – we define goals that are matched to local circumstances. This enables us to effectively reduce risks and negative impacts on the environment.

Our Business Units offer solutions for drive technologies, energy distribution and automation for water and wastewater treatment plants and water transport. Furthermore they provide solutions for intelligent monitoring and control of water networks.

2. OUR SUPPLIERS

The environmental requirements that our suppliers must fulfill are defined in our Code of Conduct for Siemens Suppliers. The responsible use of water forms an integral part of this code. For more information on these requirements and on supply chain management, see [↗ SIEMENS ANNUAL REPORT, PAGE 220, AND THIS REPORT → PAGE 10](#).

3. COMMUNITY ENGAGEMENT

As a member of various international organizations, we're involved in numerous initiatives and programs, including the Action 2020 Water Project of the World Business Council for Sustainable Development.

In addition, the Siemens Stiftung drives an entrepreneurial approach to supply clean drinking water to communities in need in developing regions, the safe water enterprises. One of the major project partners is the SkyJuice Foundation, a humanitarian aid organization incorporated in Australia. SkyJuice supplies Sky Hydrants™ to people living in remote regions. We have compiled further information for you on the following website pages:

WWW.SIEMENS.COM/AR/SAFE-WATER-KIOSK

WWW.SIEMENS-STIFTUNG.ORG/EN/PROJECTS/SAFE-WATER-ENTERPRISES

More information is also available on the SkyJuice Foundation website:

WWW.SKYJUICE.COM.AU/SKYHYDRANT.HTM

We support a variety of water-related projects through our corporate citizenship activities. Examples include the provision of water treatment systems to help the victims of natural disasters like the tsunami in Japan and the floods in Pakistan. Similarly, we have supplied water pumps, dams, water collection reservoirs and filtration systems that provide sustainable irrigation and clean water as part of the Asha project. The overall goal of project Asha is to enhance living conditions through integrated rural development and sustainable, replicable technology in the 350 inhabitant village of Amle near the city of Mumbai. Read more about our activities on our website at:

WWW.SIEMENS.COM/AR/ASHA

WWW.SIEMENS.COM/AR/CORPORATE-CITIZENSHIP-REFERENCES

4. TRANSPARENCY

You will find GRI confirmation for the Siemens Annual Report 2014 on the next page and the corresponding index in full on our website at:

WWW.SIEMENS.COM/AR/GRI



Statement GRI Application Level Check

GRI hereby states that **Siemens AG** has presented its report “Annual Report 2014” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 02 January 2015

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The “+” has been added to this Application Level because Siemens AG has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 12 December 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

The detailed GRI Index is available at our Sustainability website at:

WWW.SIEMENS.COM/AR/GRI

There is no standard system that applies across companies for qualifying products and solutions for environmental and climate protection, or for compiling and calculating the respective revenues and the quantity of reduced carbon dioxide emissions attributable to such products and solutions. Accordingly, revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions may not be comparable with similar information reported by other companies. Revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions are derived from various internal reporting systems that are generally different from those applicable to the financial information presented in our Consolidated Financial Statements and are, in particular, subject to less sophisticated internal documentation as well as preparation and review requirements, including the IT systems in use and the general internal control environment. We may change our policies for recognizing revenues from our Environmental Portfolio and the reduction of our customers' annual carbon dioxide emissions in the future without previous notice.

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate" "intend," "plan," "believe," "seek," "estimate," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and

certain assumptions of Siemens' management, of which many are beyond Siemens' control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes – in IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens' net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

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Additional information
The Siemens Annual Report for 2014 is available online at:
www.siemens.com/annual-report

Combined reporting

The Annual Report combines our annual and sustainability reporting to provide an integrated overview of our Company's key topics. Further information on our commitment to sustainability and additional sustainability-related indicators are available at:

www.siemens.com/sustainability

In addition to our Annual Report at the end of each fiscal year, we publish quarterly consolidated financial statements in the form of press releases. Conference calls and press conferences supplement these publications, giving journalists and analysts further opportunities to review developments in our businesses. Financial reporting for the first three quarters is complemented by interim reports and shareholder letters for private investors, in particular. All these financial reports are available at:

www.siemens.com/financial-reports

Further information on research, development and innovation at Siemens is available at:

www.siemens.com/innovation

The Siemens publication *Pictures of the Future: The Magazine for Research and Innovation* is available at:

www.siemens.com/pof

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