

A photograph of several children in a classroom setting, reaching up to touch a large globe. The globe is partially painted with green and blue colors. The children are smiling and appear to be engaged in a learning activity. The background shows a wooden wall and a window with blinds.

SIEMENS

Sustainability: Doing more with less

Barbara Kux
Member of the Managing Board,
Siemens AG

Zurich, March 30, 2011

© Siemens AG

Discussion points

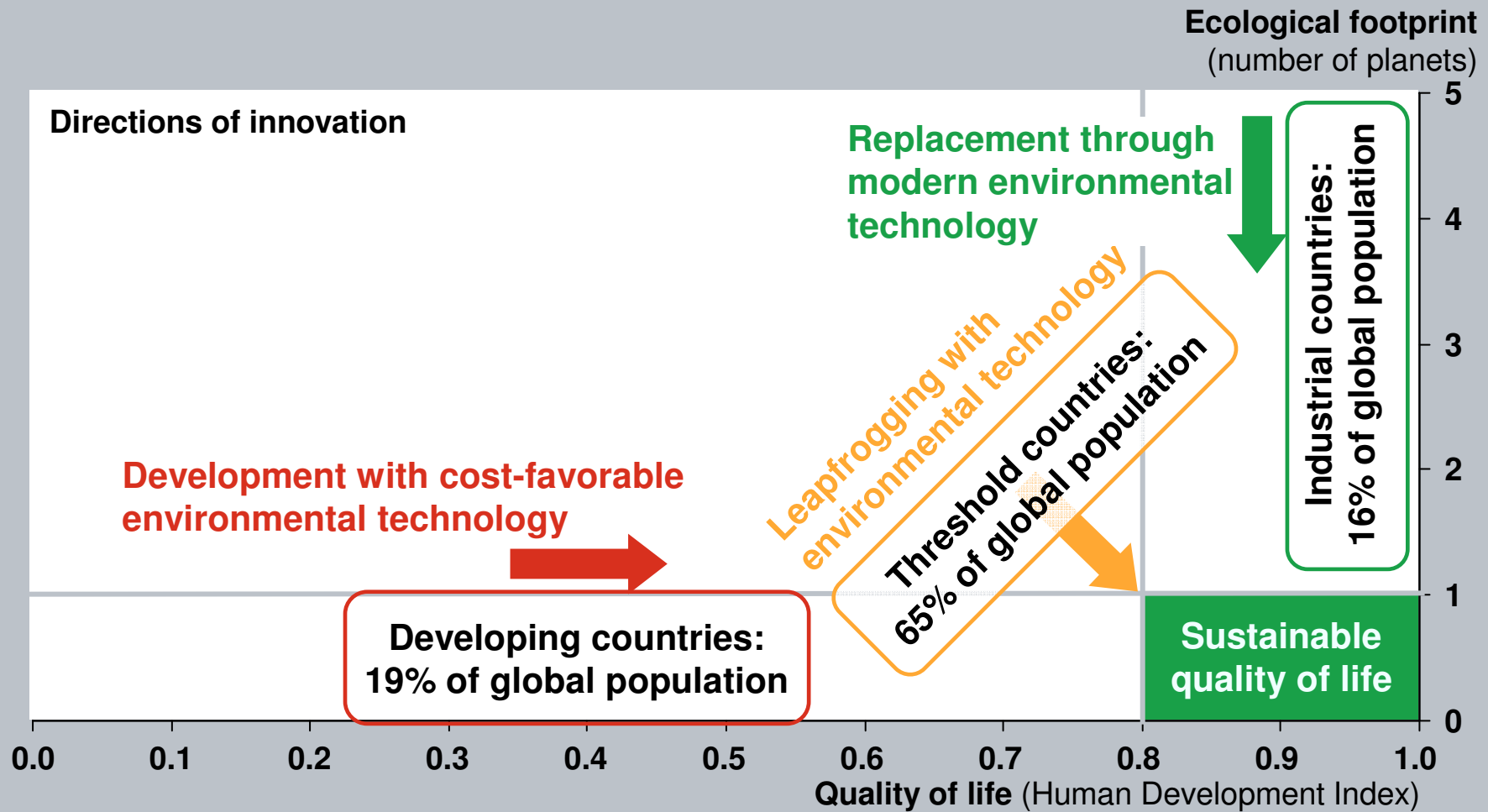
- **After the financial crisis: A new world**
- **Sustainability at Siemens: Business opportunities and competitive advantage**
- **Results 2010**
- **Conclusions**

Challenges after the financial crisis: The path to a sustainable world

SIEMENS

- Background of symptomatic crises (financial markets, North Africa, public budgets): A **sustainability crisis**
- **Volatility and change**: The constants of the future
- **Asymmetric recovery of the markets**: Strong shift of global economic product to threshold countries
- Energy and climate: “**Green competition**” among countries and companies
- **Resource scarcity**: Race to secure strategically important materials

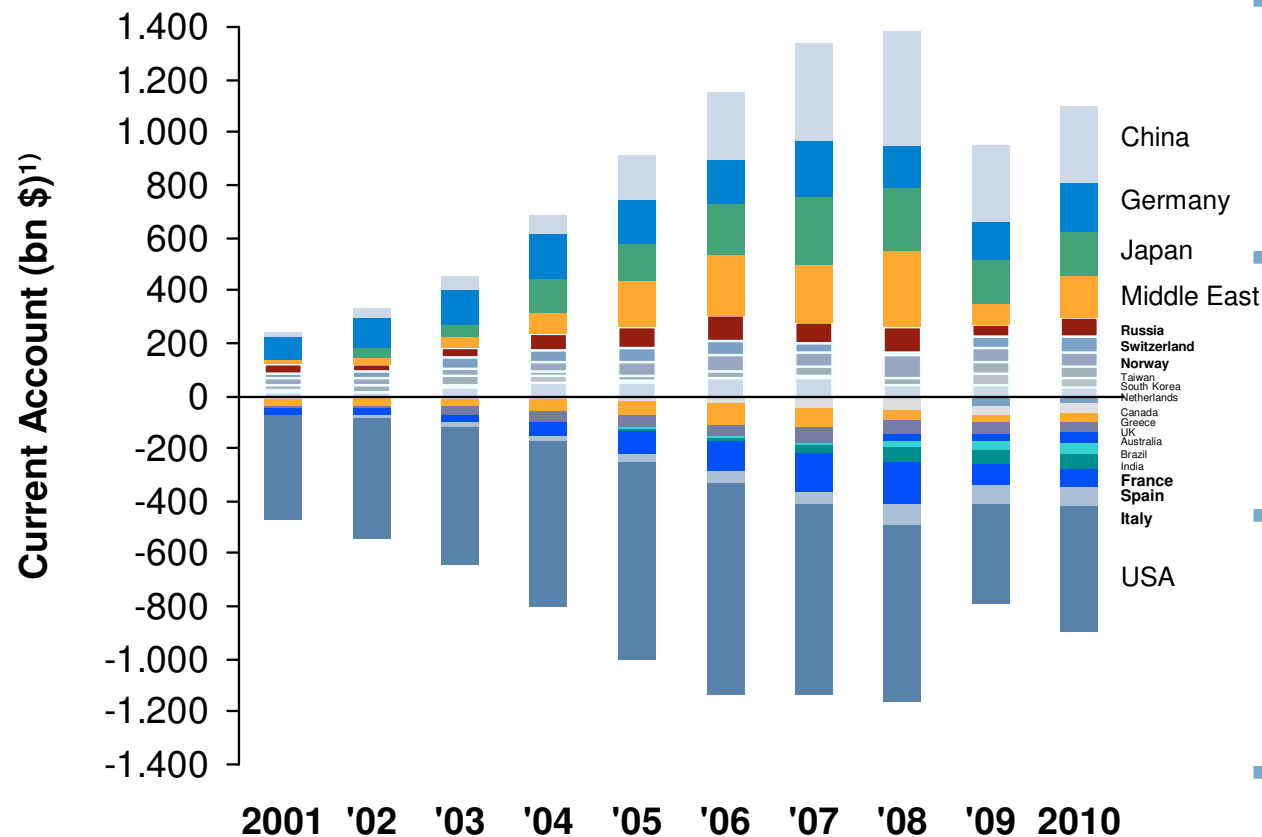
Innovation as driver of sustainability



Source: United Nations Development Program, Global Footprint Network, WWF

© Siemens AG

Imbalance increased over the years, decline of world trade in 2009 due to global financial crisis



- **Consumption of USA substantially financed by loans** (China has about 2.5 trillion dollar reserves)
- **Net-importing countries** (particularly USA) prone to **protectionism** and **reindustrialization**
- **China stimulating the consumption of private households** (extremely high savings rate)
- **Challenge for Germany to maintain high export share**

1) Trade of goods & services

Source: IHS Global Insight WMM, September 2010

Megatrends as business opportunity: Trends to 2050

SIEMENS

Urbanization



Urban populations will double
to 6 billion

Demographic change



Average age worldwide will
increase from 26 to 38 years

Climate change



CO₂ productivity must grow by
factor of 15 to prevent temperature
rising more than 2°C

Globalization



BRIC countries contribute 50%
of global economic growth

Source: United Nations, The Lancet, Climate Works/European Climate Foundation, Economist

© Siemens AG

Megatrends as business opportunity: Examples of future technologies

SIEMENS

Urbanization



Houses will be CO₂-positive energy producers

Demographic change



Physician visits will more often be via online monitor at home

Climate change



CO₂ will be captured and recycled as fuel or synthetic materials

Globalization



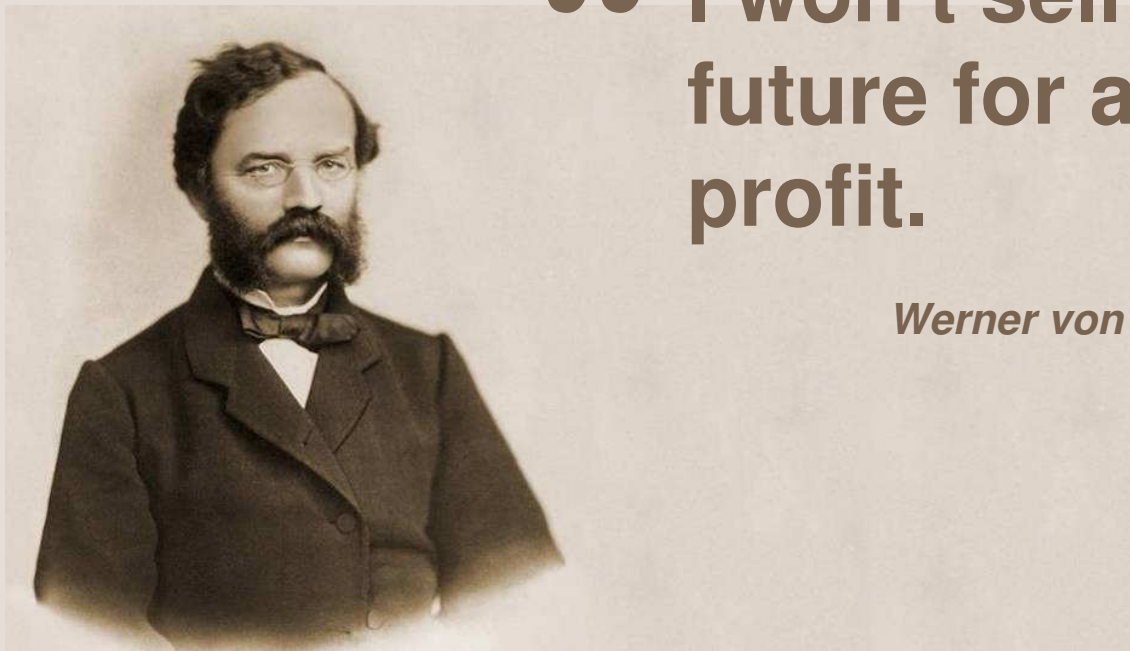
Virtualization and networking will dominate all areas of business and society

Discussion points

- **After the financial crisis: A new world**
- **Sustainability at Siemens: Business opportunities and competitive advantage**
- **Results 2010**
- **Conclusions**

Sustainability at Siemens: A principle since the company's founding

SIEMENS



“ I won't sell the
future for a quick
profit.

”

Werner von Siemens (1816-1892)

Sustainability at Siemens: A principle since the company's founding

SIEMENS



“ I won't sell the
future for a quick
profit.

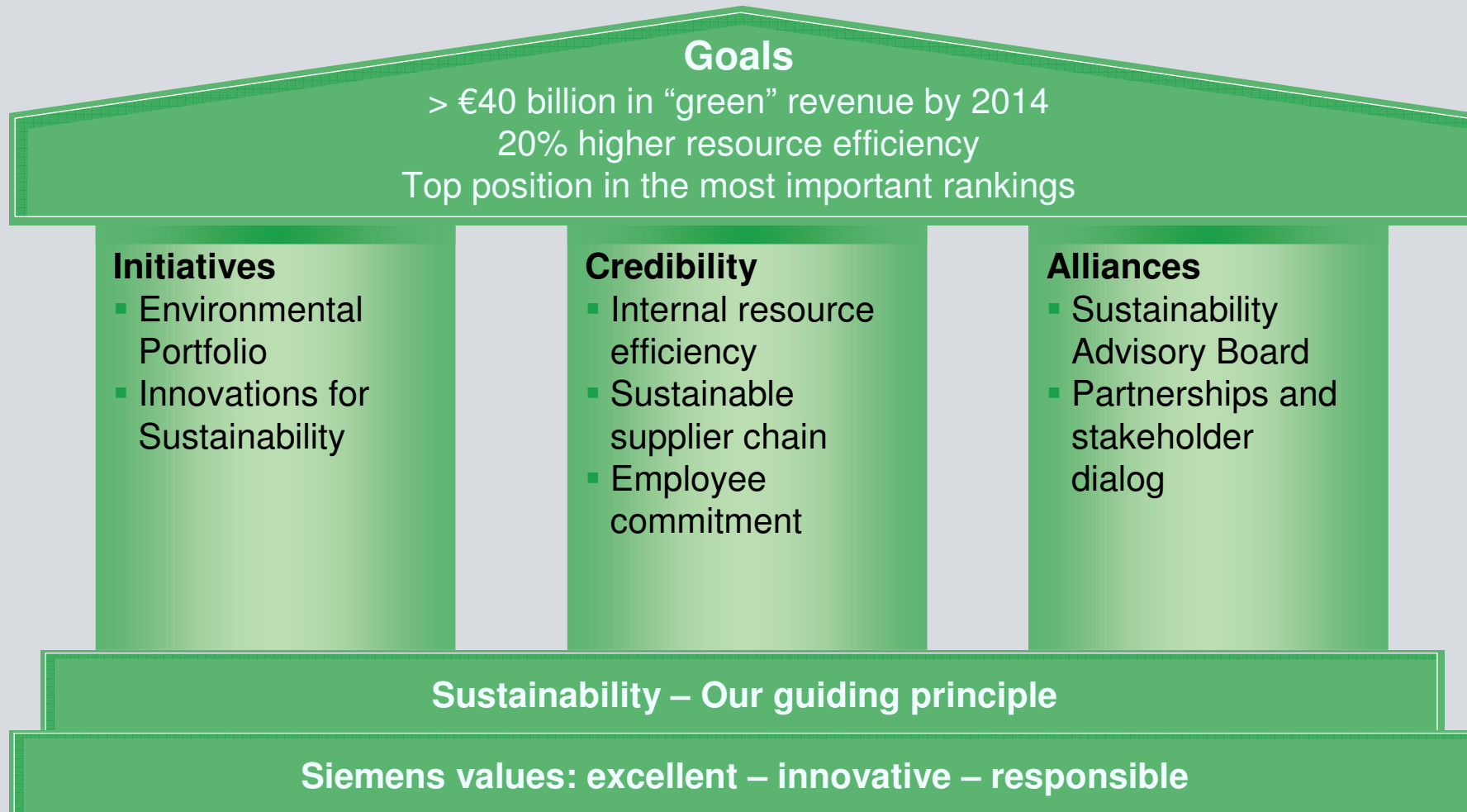
”

Werner von Siemens (1816-1892)

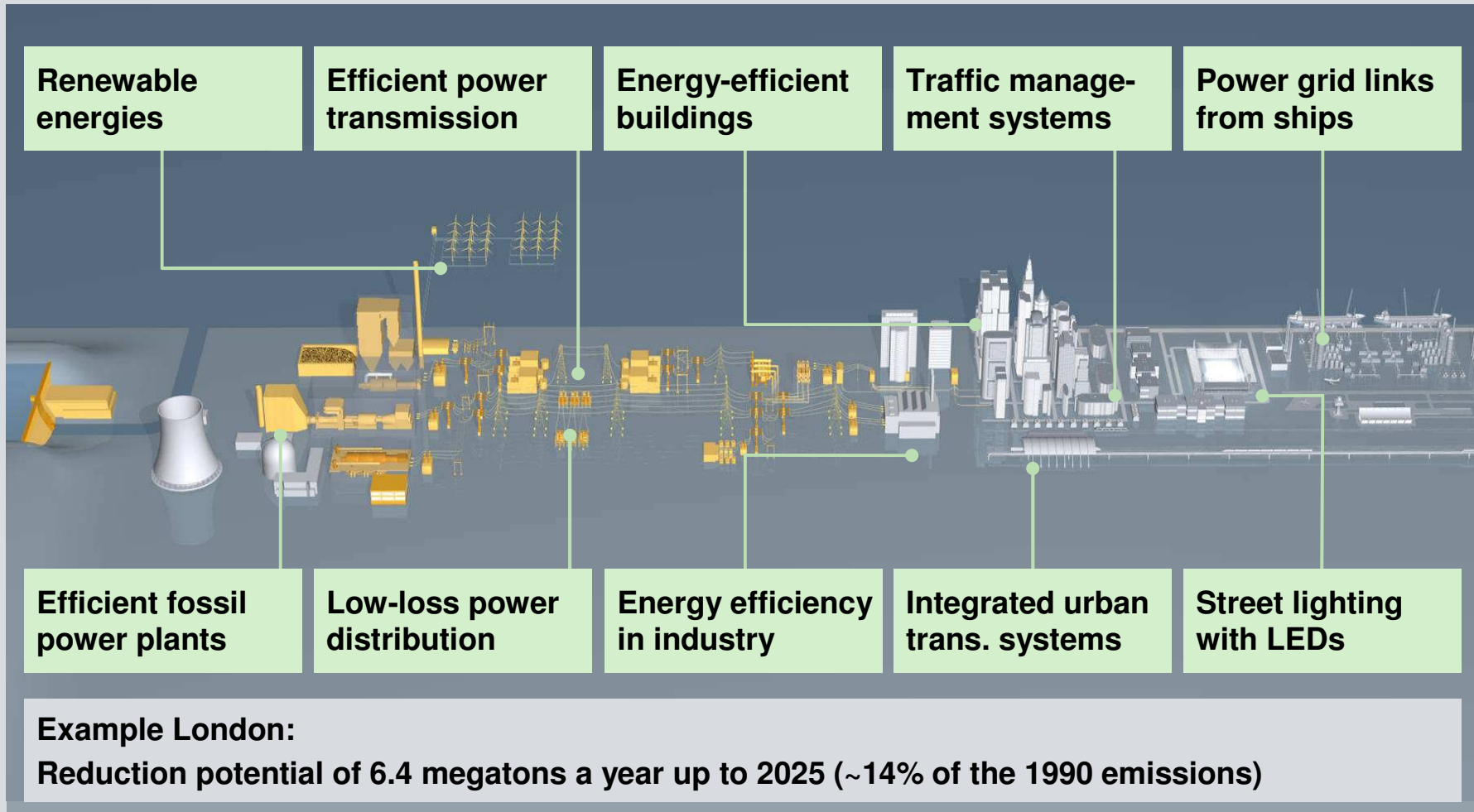
- 1858: First model for employee profit-sharing
- 1872: Founding of the Siemens pension fund
- 1906: First “Factory School for Apprentices”

Our Sustainability Program: Goals and action fields

SIEMENS



Urbanization: Broad portfolio for sustainable cities



Complete Mobility – Example Switzerland

Commuter trains

- 60 double-decker trains for Zurich based on the Desiro model
- Last train delivered in 2009
- Very high reliability
- Innovation: Higher efficiency through distributed motors

Rail Automation

- Siemens: No. 1 in rail automation in Switzerland
- Highest standards in reliability and safety
- Innovation leadership



Complete
Mobility



Airport

- Software Management for de-icing system
- Software Management for baggage conveyor system



Demographic change: Medical engineering solutions for growth markets

SIEMENS

CT



SOMATOM Emotion 16

- Development, production and product management in China
- 70% exported worldwide
- 9% annual growth

MR



MAGNETOM ESSENZA

- Development, production and product management in China
- 90% exported worldwide
- 84% annual growth

X-ray



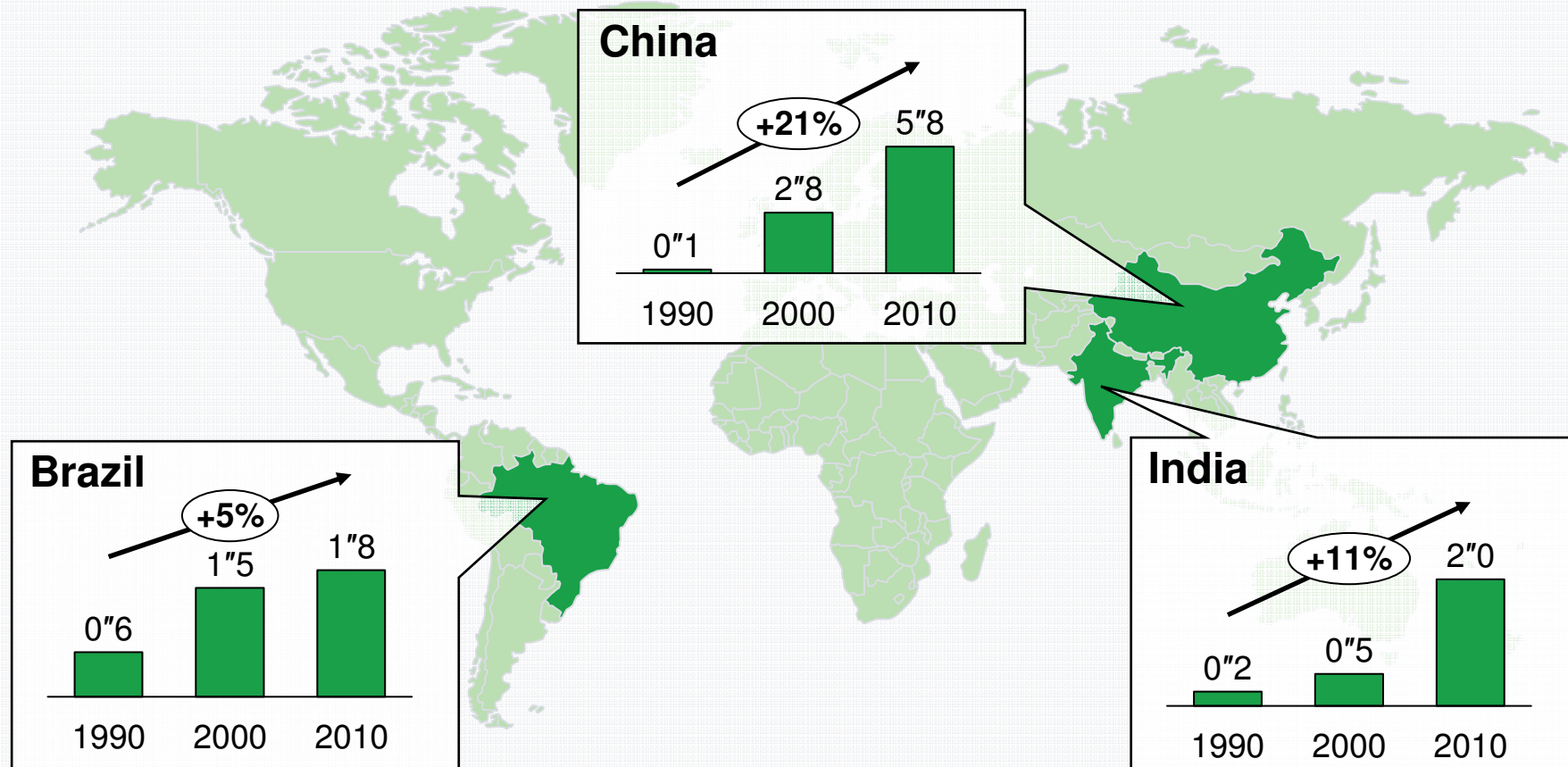
Multimobil

- Development, production and product management in China
- 27% exported worldwide
- 7% annual growth

© Siemens AG

Globalization: Strong growth in the emerging markets

Siemens revenue – by customer location – as reported (in billions of €)



Energy Efficiency Program: Strengthen competitiveness

SIEMENS

Siemens Energy Efficiency Program

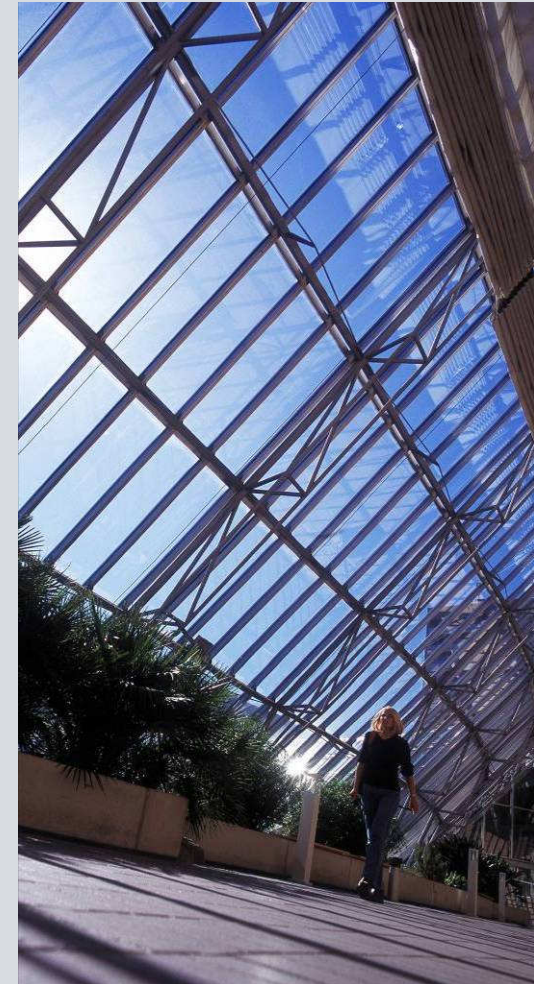
Investment of €100 million for energy efficiency

- Lighting, automation, power supplies, drives
- Savings potential: 15% costs, 20% CO₂
- Amortization after 2-3 years

Energy Efficiency Program for suppliers

Energy and environmental analyses for the top 1,000 suppliers with Siemens support

- Improve environmental balance of our supply chain
- Strengthen competitiveness of suppliers
- Increase market potential for Environmental Portfolio



© Siemens AG

Energy efficiency at suppliers – Example SCHMOLZ + BICKENBACH

SIEMENS

- Supplier: Tool producer
- Analysis of Krefeld company location by team of Siemens experts
- Goal: Identify improvement potential for energy efficiency

**Results of the energy analysis:
Energy cost savings potential of 10 – 15 %**

Examples of measures:

- Replace dust removal systems
- Purchase 20-ton medium-frequency furnace
- Install photovoltaic system



SCHMOLZ + BICKENBACH



© Siemens AG

Financing as a key to deployment of sustainable infrastructure



Financing solutions

Performance Contracting

Financing Cooperation

Carbon Finance

- Siemens investments into energy efficiency at customers (loan-based)
- Repayment of loans through guaranteed savings from investments (5-10 years)
- Cooperation with national and multilateral finance institutions
- Example: energy-efficiency fund with Carbon Trust (UK) amounting to 900 mn €
- Certificates generated by investments in low-carbon technologies in emerging countries
- Cash flow from certificates can significantly improve profitability of investments

Alliances: Working for sustainability with strong partners

SIEMENS



World Business Council for Sustainable Development



UN Global Compact LEAD



World Resources Institute



World Economic Forum

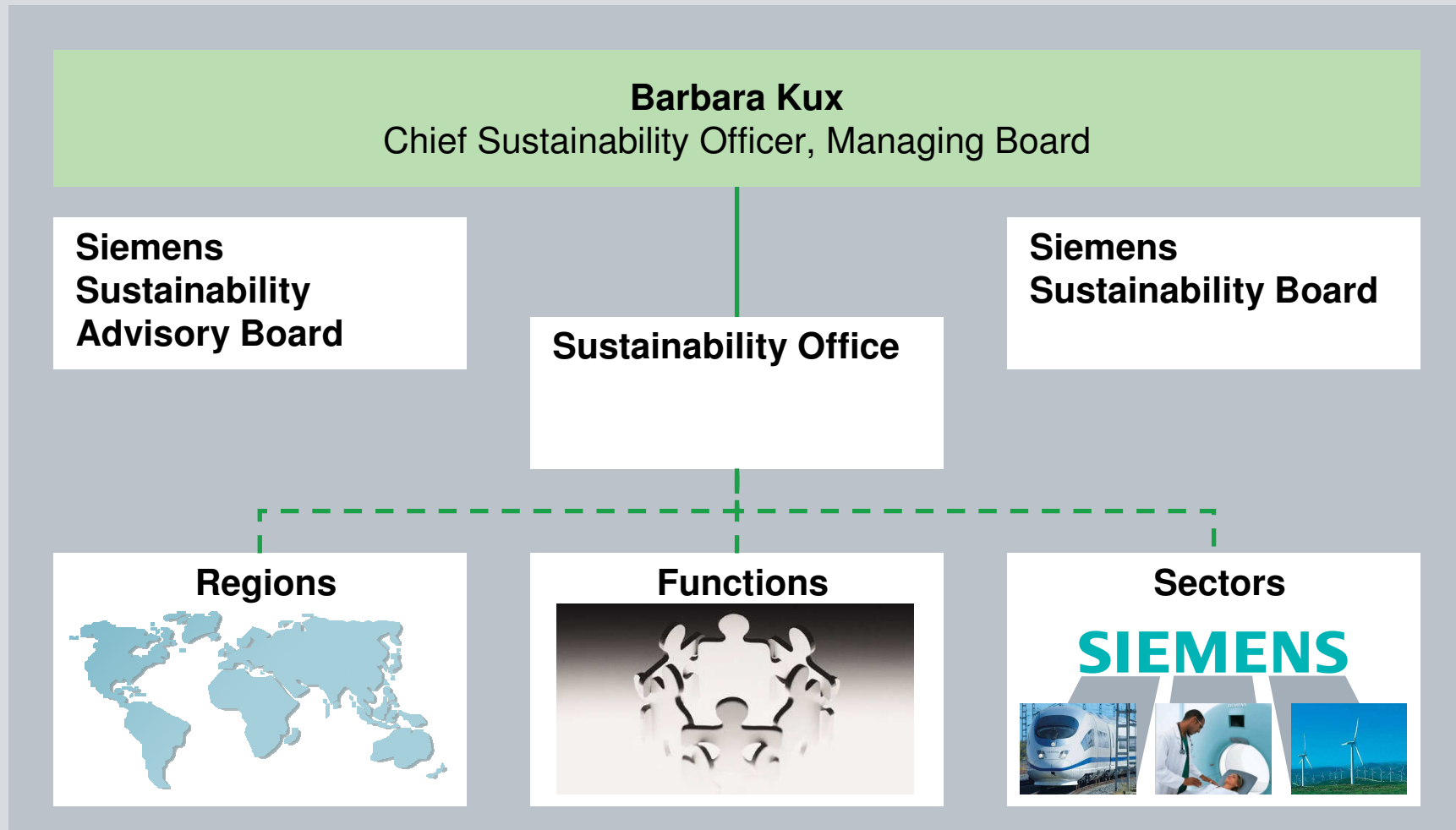
COMMITTED TO
IMPROVING THE STATE
OF THE WORLD



© Siemens AG

Sustainability in the Siemens organization

SIEMENS



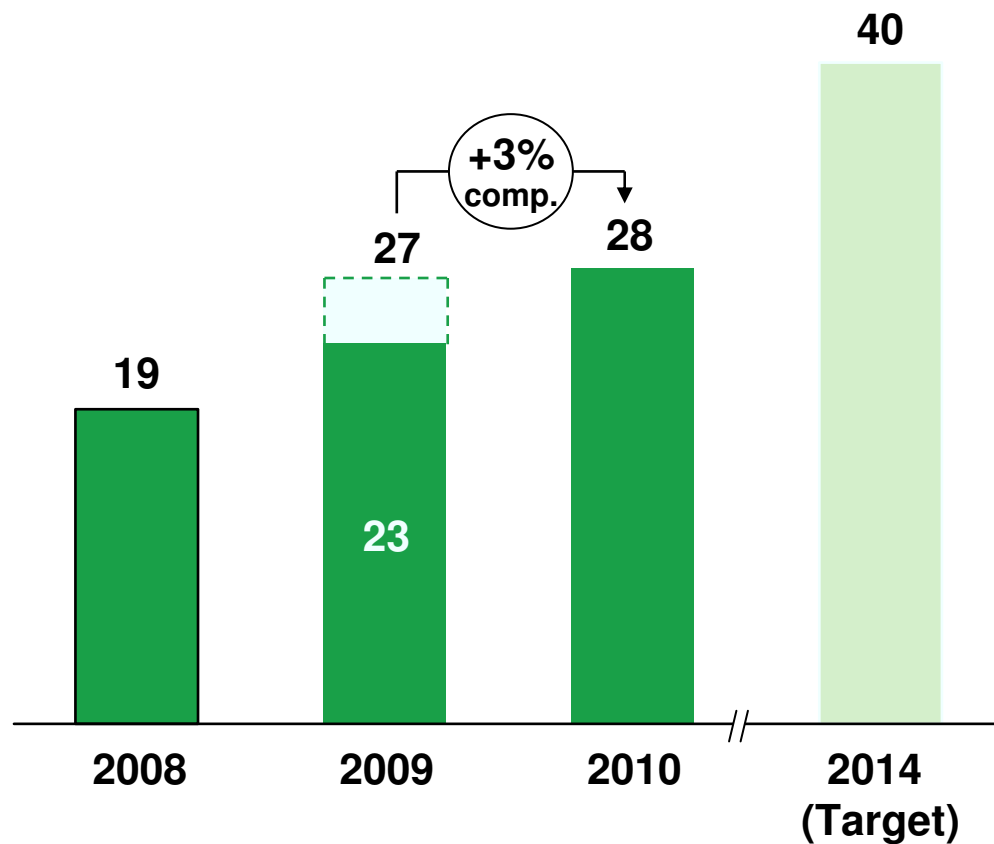
Discussion points

- **After the crisis: A new world**
- **Sustainability at Siemens: Business opportunities and competitive advantage**
- **Results 2010**
- **Conclusions**

Siemens Environmental Portfolio: Sustainable success and growth potential

SIEMENS

Environmental Portfolio revenue (in billions of €)



1 Renewable energies



2 Environmental technology



3 Energy efficiency



© Siemens AG

Siemens in fiscal 2010: Stable growth thanks to Environmental Portfolio

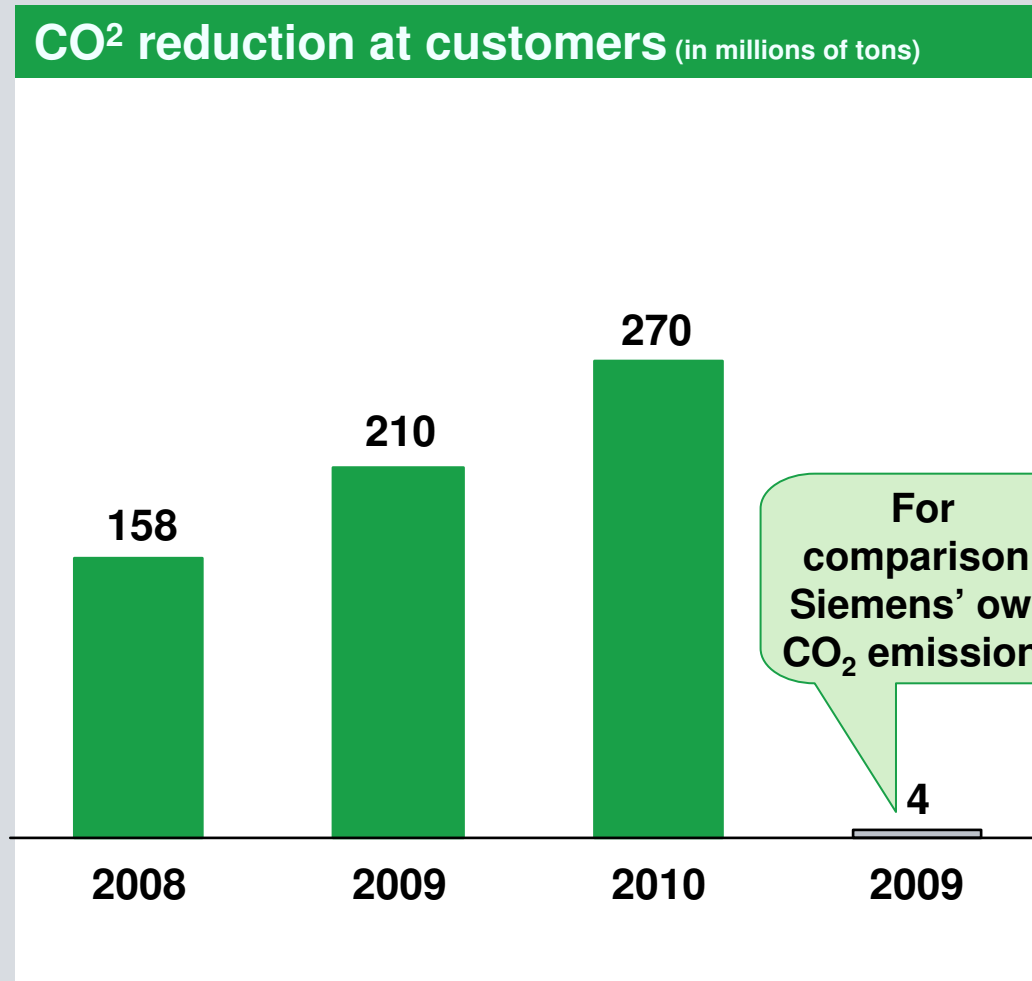
SIEMENS

Continuing operations (in millions of euros)	FY 2010	FY 2009	Change
New orders	81,163	78,991	+3%
Revenue	75,978	76,651	(1)%
Profit Total Sectors	7,789	7,466	+4%
Income from continuing activities	4,068	2,497	+63%

Substantial reduction of CO₂ emissions at our customers

SIEMENS

CO₂ reduction at customers (in millions of tons)

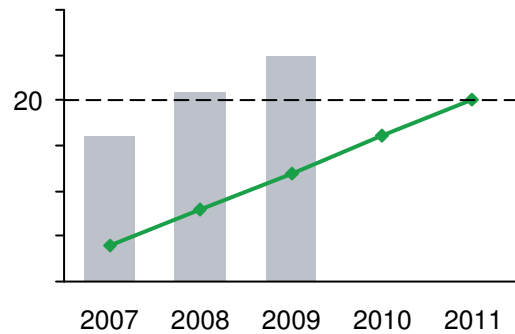


Source: World Resources Institute

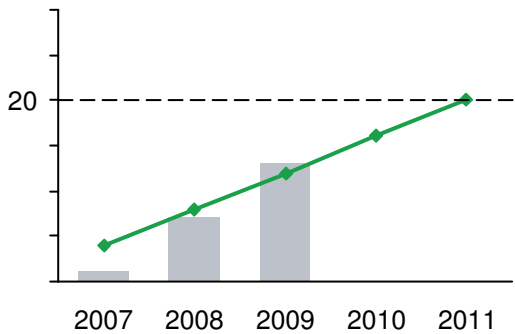
Internal resource efficiency: On the home stretch



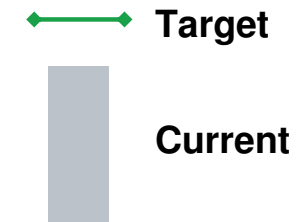
Primary energy



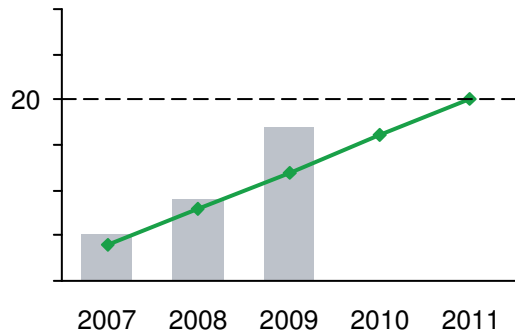
Power consumption



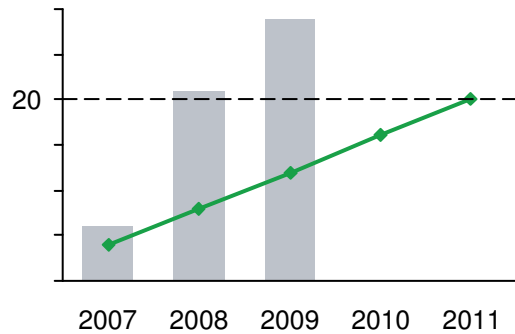
Development of resource efficiency (percent, revenue-weighted)



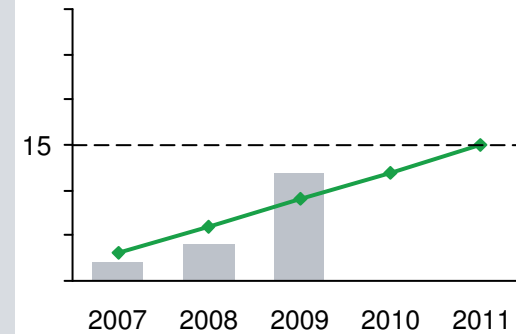
CO₂ emissions



Water




Waste



Top positions in the most important rankings for 2010

SIEMENS



Member of
Dow Jones
**Sustainability
Indexes**


Siemens AG
Sector Leader Diversified Industrials 2010

Dow Jones Sustainability World Index (DJSI World)
Dow Jones Sustainability Europe Index (DJSI Europe)

CARBON DISCLOSURE PROJECT

Carbon Disclosure Project 2010

On behalf of 534 investors with assets of US \$64 trillion



Siemens AG

Best Global 500 company
in Carbon Disclosure
Leadership Index (CDLI):
98 point (of 100)

Best Score in new
Carbon Performance
Leadership Index (CPLI):
Score A

Discussion points

- **After the financial crisis: A new world**
- **Sustainability at Siemens: Business opportunities and competitive advantage**
- **Results 2010**
- **Conclusions**

Conclusions

- **Volatility and change:
Constants of the future**
- **Sustainable management:
Steer and shape change**
- **Global challenges:
Risks and business opportunities**
- **Competitive advantage in volatile
environment: speed, flexibility, networks**
- **Fiscal 2010:
Results of work by motivated teams**



A photograph of four young children of diverse backgrounds smiling and holding up a large globe. The globe is decorated with green paint, representing landmasses. The children are in a classroom setting with wooden paneling and a sunburst decoration on the wall.

SIEMENS

“

The crisis is a productive condition.

”

Max Frisch (1911-1991)