

Analysis of Products and Supply Chains

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Dodd-Frank Wall Street Reform and Consumer Protection Act on Conflict Minerals

Dodd-Frank Wall Street Reform and Consumer Protection Act

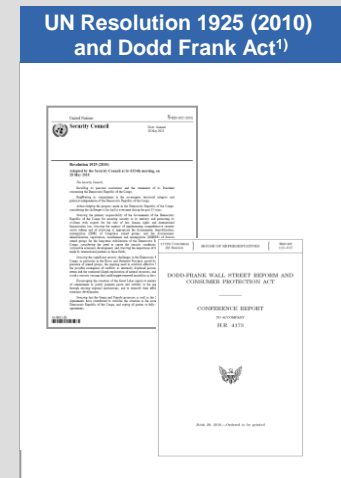
(Senator Christopher Dodd and Senator Barney Frank)

Enacted: President Obama – July 21st, 2010

- 15 enforceable legal claims (titles)
- 541 main sections

Imposes new audit and disclosure requirements on publicly reporting companies regarding their use of “conflict minerals” in products they manufacture.

- Does not impose any penalty on companies that report taking no action to avoid using Conflict Minerals.
- Requires companies to make the required disclosures publicly available their websites. Allows the public to “judge” such companies.



Excerpt from the preamble to the proposed regulation:

“An issuer’s description of any of its products that are not ‘DRC conflict free’ should be based on its individual facts and circumstances so that the description **sufficiently identifies the products or categories of products**. For example, an issuer may disclose each model of a product containing conflict minerals that are not ‘DRC conflict free’, each category of a product containing conflict minerals that are not ‘DRC conflict free’, the specific products containing conflict minerals that are not ‘DRC conflict free’ that were produced during a specific time period, that all its products contain conflict minerals that are not ‘DRC conflict free’, or another such description depending on the issuer’s facts and circumstances.”

Source: Dodd-Frank Wall Street Reform and Consumer Protection Act

Manufacturers who are subject to reporting requirements need to focus on:

“Conflict minerals” are “3T & G” metals & gold

- tantalum,
- tin,
- tungsten
- gold,

or any of derivatives or any other minerals identified by the Secretary of State to be financing conflict in the DRC or are “necessary to the functionality or production of a product” they manufacture or adjoining countries.

Source: Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502

Siemens published a first Statement on Conflict Minerals



Siemens Statement on Conflict Minerals



August 10, 2011

Siemens Statement on Conflict Minerals

Siemens has received several inquiries on the origin of gold, columbite-tantalite, wolframite, cassiterite ("conflict minerals") used in our products, especially regarding minerals mined in the Democratic Republic of the Congo where profits from mining are known to be fueling human rights atrocities. Siemens is taking these inquiries very seriously.

Sustainability in its three dimensions (environmental, social, and economic) is of highest importance for Siemens. Sustainable conduct forms the basis of our business decisions and dealings with our stakeholders. The Siemens "Business Conduct Guidelines" provide the ethical and legal framework in which we want to maintain successful activities. Adherence to all external and internal rules is an essential part of integrity, and fundamental to our business.

In order to also ensure Sustainability in our Supply Chain, we have established the "Code of Conduct for Siemens Suppliers". It is based on – among others – the UN Global Compact and the principles of the International Labor Organization and also reflects our "Business Conduct Guidelines". We contractually commit our suppliers to the "Code of Conduct for Siemens Suppliers" and also expect them to promote these standards to their suppliers.

With regard to risks related to the above-mentioned human rights issues, Siemens confirms the following:

- Siemens does not directly source gold, columbite-tantalite, wolframite, cassiterite or any of their derivatives from the Democratic Republic of Congo.
- We are aware of the difficult situation that products and components which we buy from our suppliers may contain minerals originating from conflict-affected countries. We have begun work to identify possible processes that will help us to create an even higher level of transparency relating to the sourcing of the products and components we purchase from third parties. These processes will help us identify those, if any, of our suppliers who are, intentionally or unintentionally, using income derived from their business with us to help funding human rights atrocities in these countries.

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Siemens Aktiengesellschaft, Vorsitzender des Aufsichtsrats: Gerhard Crommel, Vorstand: Peter Löscher, Vorsitzender,
Wolfgang Dörner, Stephan Eberle, Heinrich Heesiger, Joe Kress, Barbara Kraus, Hermann Reppel, Siegfried Russmann, Peter J. Dammann
die der Gesellschaft, Berlin und München, Deutschland, Registered Office: Berlin Charloffenburg, HRB 12500, München, HRB 6684
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Siemens Statement on Conflict Minerals – content

- Sustainability in its three dimensions (environmental, social, and economic) is of highest importance for Siemens
- Siemens contractually commits its suppliers to the "Code of Conduct for Siemens Suppliers" and also expect them to promote these standards to their suppliers
- Siemens does not directly source gold, tantalum, tungsten, tin or any of their derivatives from the Democratic Republic of Congo.
- Focusing on risks related to Human Rights issues of the North-Eastern region of the Democratic Republic of Congo, we have begun work to identify possible processes that will help us to create an even higher level of transparency relating to the sourcing of the products and components we purchase from third parties.

Approach to avoid Conflict Minerals and to meet the expected SEC regulations based on the Dodd-Frank Act



Steps to avoid risks related to Conflict Minerals

Siemens engagement and actions towards suppliers

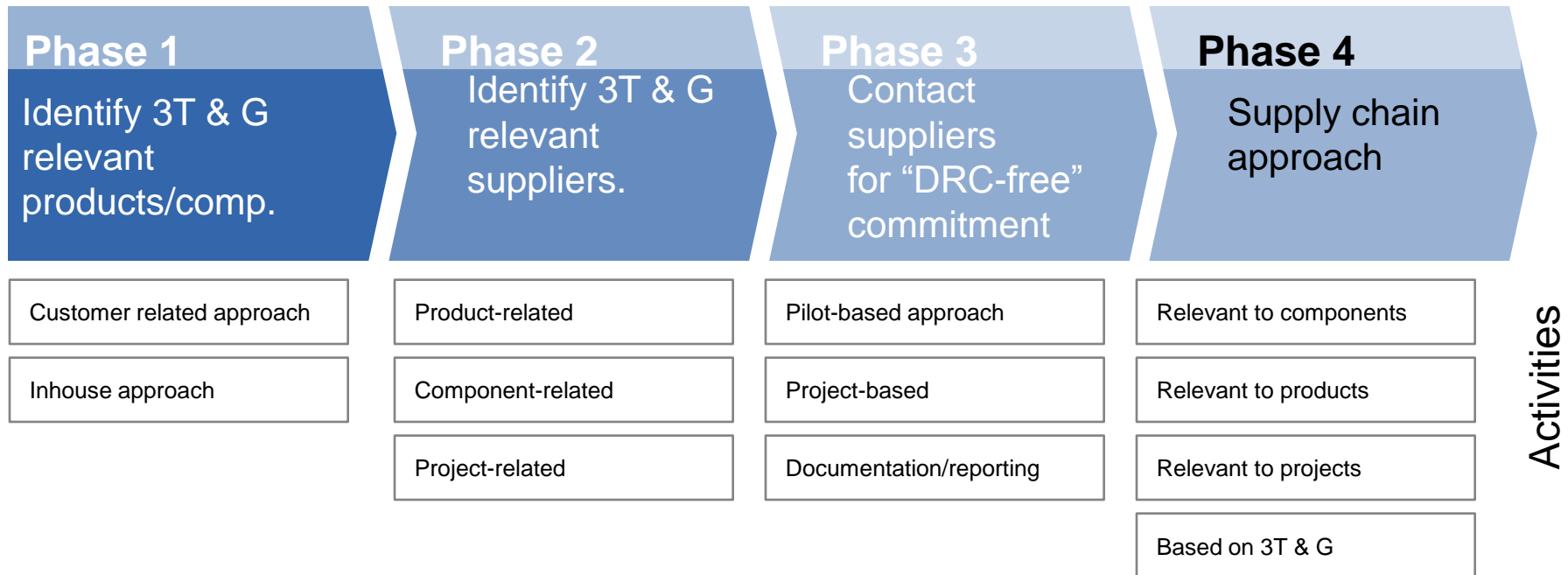
- Form team – both US and Germany
- Active engagement in Industry Associations (e.g. NAM, BME, ZVEI)
- Content/Update of Siemens Statement and other publications
- Identification of relevant minerals and products used/bought by Siemens (pilot started)
- Decision on supplier contact, e.g. content of supplier's commitment (reporting according to SEC regulation? etc.)

Provide comments on SEC regulations

Comments to the SEC via the National Association of Manufacturers
Addressing OECD recommendation to SEC as cosignatory

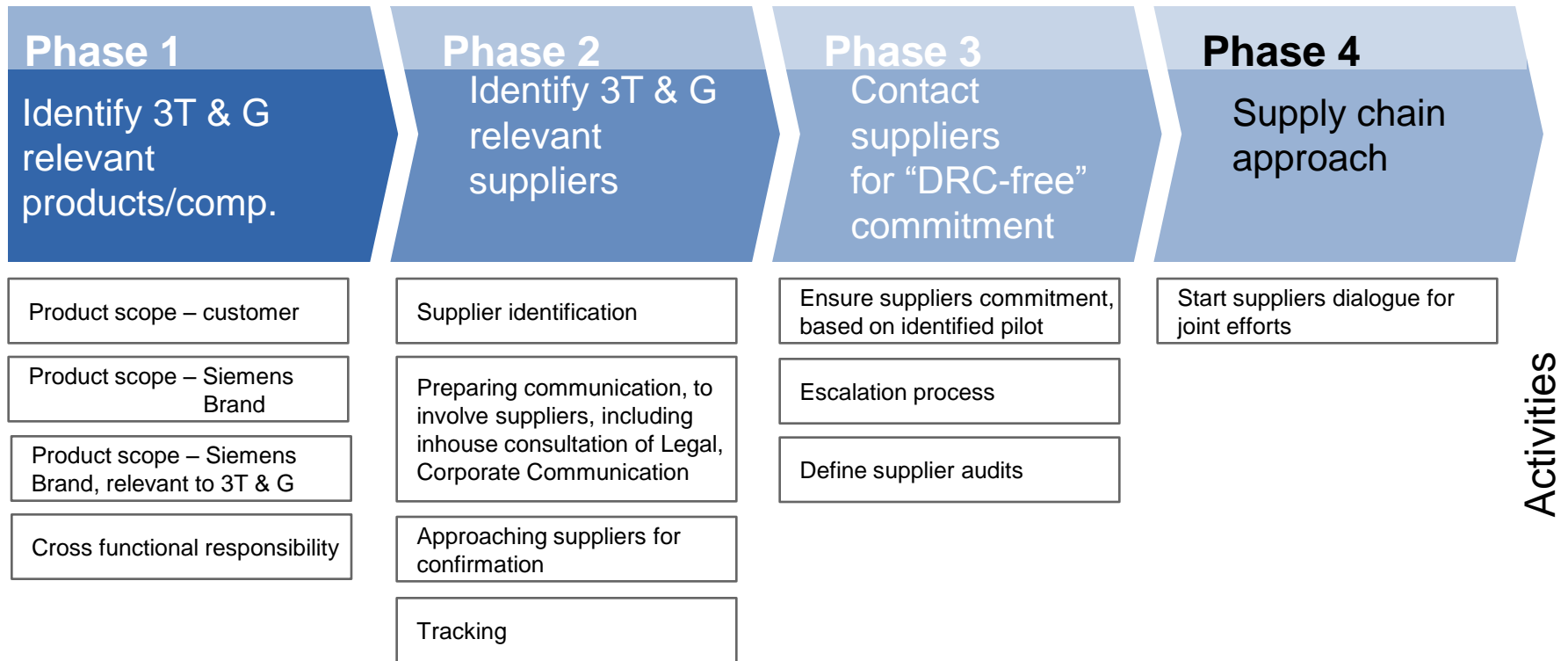
Suppliers Involvement

Trial ramp-up process to contact our suppliers



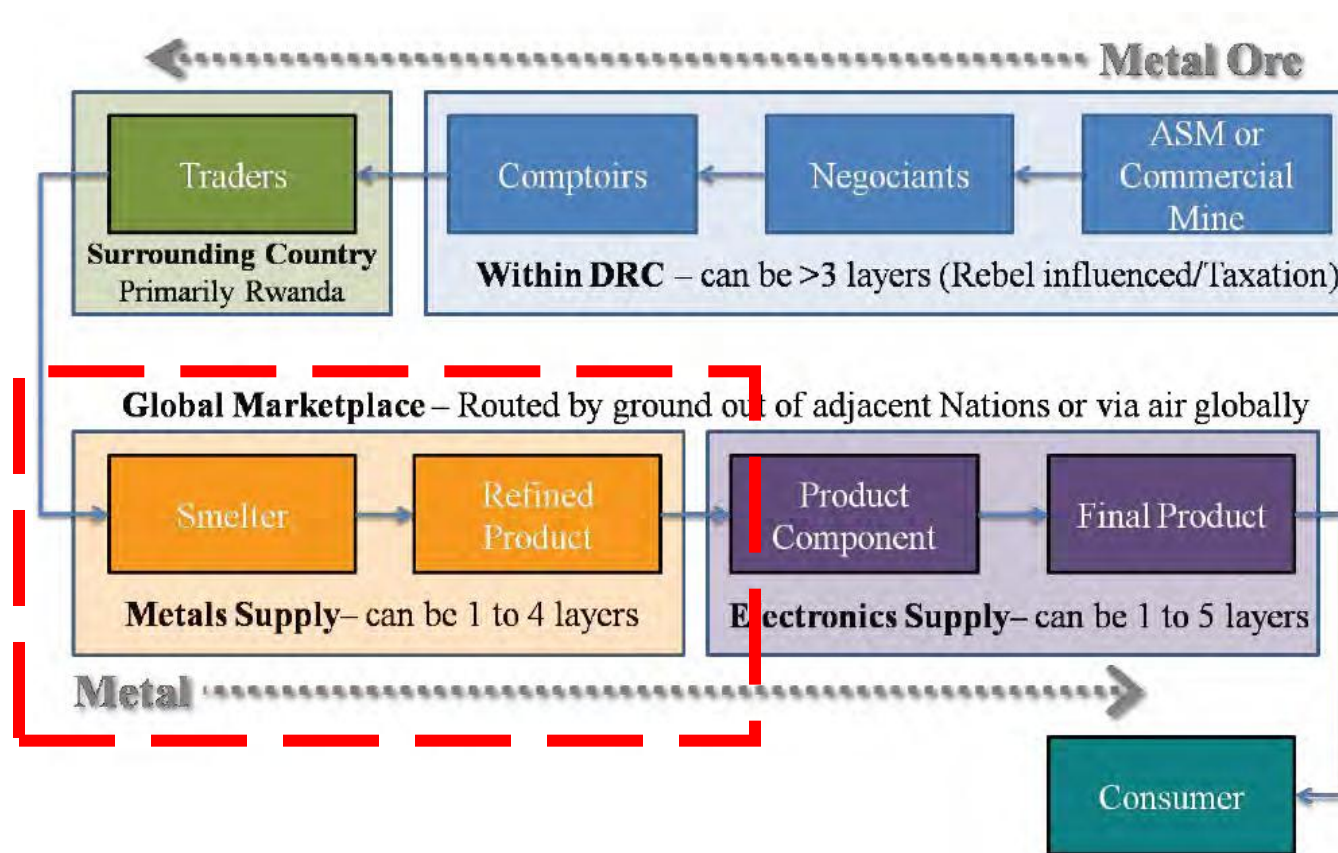
Suppliers Involvement

Trial process to related activities




Product-related top down approach is unrewarding!
 System-related approach seems target-aimed, therefore Siemens supports the OECD Guidance Implementation Pilot.

Core Information within the Supply Chain



Example supply chain of minerals originating in the DRC to consumer products. (EICC-GeSI Extractives WG.)

OECD Due Diligence Guidance



OECD Due Diligence Guidance
for Responsible Supply
Chains of Minerals from
Conflict-Affected and
High-Risk Areas



This guideline has been widely applauded as an outstanding outcome of a multi-stakeholder process.

According to remarks by U.S. Secretary of State Hilary Clinton during the 50th Anniversary of the OECD Guidelines for Multinational Enterprises in May 2011.

The guideline has been endorsed, among others, by the NGO community and the U.S. State Department.

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Thank you for your attention!

