

International Framework Agreement
between
Siemens AG, the Central Works Council of Siemens AG,
the IG Metall and the IndustriAll Global Union

1. Preamble

Siemens has a long and successful history stretching back over 165 years. Our achievements around the world stem from our sound fundamentals: technological expertise and ability, innovation, quality, reliability, social partnership and the honesty and integrity of our employees and their managers. It is our intention that the Company continues to live by these values in the future and it is against the background of this commitment that the following global principles have been agreed.

Profitable long-term worldwide growth is our aim, responsible value creation our means of achieving it. Responsible creation of value in practice at Siemens means establishing and maintaining a responsible, diversity-oriented approach to management and an associated corporate culture in keeping with the principles of social responsibility and occupational health and safety. Moreover we require our suppliers to abide by our own high standards, and insist on uncompromising compliance with the law.

Siemens signed up to the United Nations Global Compact in 2003 and intends to continue applying these principles consistently in future. The power they wield through their innovation and investment activities gives commercial enterprises in particular great responsibility for sustainable global development and employment. Siemens explicitly supports and acknowledges the ten principles of the Global Compact: fundamental employee and human rights, environmental protection and anti-corruption. The Global Compact builds on the UN's Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the Rio Declaration on Environment and Development. These elementary principles are also reflected in the Siemens Business Conduct Guidelines.

With this background Siemens accordingly accepts the social responsibility principles referred to and explicitly acknowledges the fundamental employee rights defined in the relevant international conventions, the fundamental conventions of the International Labour Organization (ILO) and the UN Global Compact initiative:

- the elimination of all forms of forced and compulsory labour (2.1.)
- equality and prohibition of discrimination (2.2.)
- prohibition of child labour and introduction of a minimum age of employment (2.3)
- freedom of association and the right to collective bargaining (2.4)

These principles listed above are our common understanding.

The international dialogue has to respect and balance both the local legal requirements and processes of every jurisdiction as well as the diversity and global presence of Siemens. In cases of disagreement we will look for solutions together with the works council and the regional company.

2.1. Free choice of employment

Nobody should be employed or forced to work against his or her will (see principles of ILO Conventions 29 and 105). Any form of forced labour is unacceptable (see also the criteria referred to by the ILO¹).

2.2 No discrimination or intimidation in employment

The principles of equality of opportunity and equal treatment apply irrespective of skin color, ethnic or social background, religion, age, disability, sexual identity, world view and gender. Consistent with our Business Conduct Guidelines and employment laws in the countries in which we operate, we do not tolerate discrimination in any form on the basis of any of these characteristics, nor do we tolerate sexual harassment or any other form of personal attack on individuals. Employees are always sought, employed, promoted and rewarded according to their qualifications and abilities (see principles of ILO Conventions 100 and 111). If the level of protection granted to employees in a country in which Siemens operates essentially fails to reflect these principles, Siemens will nevertheless apply these higher standards to its employees.

2.3 Prohibition of child labour

Child labour is absolutely prohibited. Siemens acknowledges the provisions relating to the minimum age at which a person may be permitted to work defined in ILO Convention 138 and will accordingly refrain from employing any person who cannot demonstrate that he or she is at least 15 years of age. The minimum age may be reduced to 14 in countries subject to the developing country exception contained in ILO Convention 138.

If statutory laws within a country or relevant collective agreements set higher limits for the minimum age of employment, these more stringent regulations will be applied.

The regulations defined in ILO Convention 182 should be applied insofar as they are feasible for a commercial enterprise.

2.4 Freedom of association and the right to collective bargaining

The right of employees to form labour unions, join existing labour unions and conduct collective negotiations, is acknowledged. Members of employee organizations or unions will be neither advantaged nor disadvantaged on account of their membership (see principles of ILO Conventions 87 and 98). A constructive approach will be taken to cooperation with employees, employee representatives and unions on the basis of local law. Even in contentious disputes, the continuing objective will be to maintain effective constructive cooperation and to seek solutions with the aim of balancing our commercial interests and the interest of our employees.

If the level of protection granted to employees in a country in which Siemens operates fails essentially to reflect these principles, Siemens will nevertheless apply these higher standards to its employees.

Employee representatives must be protected against any form of prejudicial treatment.

¹ in the "Global report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work", 2005, p.6

2.5 Appropriate remuneration

Appropriate compensation (basic requirement) at least as specified in applicable national minimum wage legislation is assured.

Siemens applies the principle of "equal remuneration for work of equal value", for example for men and women, in line with national provisions.

2.6 Working time

The maximum working time legally defined in each country will be respected, as will the corresponding agreements. Regular working time, overtime hours and paid leave will also at the least comply with the statutory provisions in cases in which there are no collective bargaining agreements.

Overtime hours will not be used to compensate for inadequate basic pay and will comply with the applicable occupational health and safety regulations.

As a general rule, over time work is voluntary. However employees may be instructed to work overtime provided that this does not contravene national law, applicable collective bargaining agreements, works agreements or the individual contract of employment.

2.7 Occupational health and safety

The level of occupational health and safety ensured will be at least that specified in the applicable statutory provisions. Responsibility for the health and safety of employees is acknowledged, risks should be countered and the best possible measures should be taken to prevent accidents and occupational diseases.

Siemens supports the continuous development of occupational health and safety in order to improve the working environment.

2.8 Vocational training

Siemens will support employees' personal development where appropriate, in order to prepare them with knowledge and skills for current and future tasks.

2.9 Suppliers

The principles of this agreement are reflected in the Siemens Code of Conduct for Suppliers. Thus Siemens also actively endeavors to have these principles incorporated into the business policy of its suppliers. Siemens regards the application of these principles to supplier and contractor companies as a positive prerequisite for mutual business relationships.

2.10 Monitoring compliance

2.10.1 Employees will be informed verbally or in writing of this agreement in accordance with the applicable statutory provisions and/or local customs. The regional business units must ensure that the agreement is also translated into additional languages where this is necessary for proper understanding.

2.10.2 Reports of possible breaches of these rules can be submitted via the company's internal communication channels (for example "Tell-us"). Persons making such reports may not be disadvantaged in any way as a result.

Translation – only the German version of this agreement has a binding effect

2.10.3 Responsibility for complying with the aforementioned principles rests with the Siemens regional business units. Consistent compliance with the obligations and principles of social responsibility at Siemens is monitored through internal company controlling mechanisms such as self-assessments.

2.10.4 In the event of grievances, employees and employee representative bodies should first exhaust the internal and local/national complaint and arbitration facilities.

2.10.5 The “Verhandlungsdelegation” (Central Works Council negotiating team) has the task of supporting the worldwide implementation of the agreement and advising on suitable measures. This task includes pursuing serious reports and complaints that cannot be resolved through the local and national complaint and arbitration facilities in order to prevent external legal disputes. To this end the “Verhandlungsdelegation” meets with employees or employee representatives, after agreement with the company, once a year on an alternating rolling basis in the Metaclusters.

The timing and location of these meetings are agreed in consultation with the company and the Central Works Council. The meeting is arranged by the company and is conducted in English. The IGM company officer for Siemens may attend and the consultation of external experts is permitted.

2.10.6 The company will bear the costs necessarily incurred in supporting this agreement.

3. Effective date

This declaration comes into effect on signing. No individual or third party claims may be based on clauses in this declaration. Only the German version of this declaration has a binding effect.

Munich, July xx, 2012

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