

World Bank Group – Siemens Settlement Agreement FACT SHEET

Background

The World Bank Group (WBG) and Siemens AG agreed on a comprehensive settlement on July 2, 2009, following the company's acknowledged past misconduct in its global business and a World Bank investigation into corruption in a project in Russia involving a Siemens subsidiary.

The settlement includes:

- **a commitment by Siemens to pay \$100 million over the next 15 years to support anti-corruption work** – Siemens has committed to pay \$100 million to support global efforts to fight fraud and corruption. Siemens will provide funds to organizations and projects aimed at combating corruption through collective action, training, and education. The WBG will have audit rights over the use of these funds and veto rights over the selection by Siemens of anti-corruption groups or programs receiving funds. Additional information on this commitment is available on Siemens' website.
- **an agreement not to contest a debarment of up to four years for Siemens' Russian subsidiary** – As part of the settlement, Siemens AG has agreed that its Russian subsidiary, OOO Siemens and OOO's controlled subsidiaries will not contest a debarment of up to four years by the WBG in connection with wrongdoing, committed prior to 2007, uncovered during an investigation into corrupt practices under the Bank-financed Moscow Urban Transport Project. Sanctions proceedings against OOO are in progress.
- **a voluntary undertaking by Siemens to refrain from bidding** on Bank Group business or Bank group financed activities or projects for two years beginning Jan. 1, 2009 and ending December 31, 2010. This 'voluntary restraint' applies to Siemens AG and all of its consolidated subsidiaries and affiliates and covers business with the WBG. Siemens has agreed to withdraw any bids outstanding as of the settlement date. A more complete explanation of the voluntary restraint follows.

The Voluntary Restraint

- The 'voluntary restraint' means that Siemens AG and its consolidated subsidiaries and affiliates are **precluded** for a period of two years effective as of January 1, 2009 up to December 31, 2010 (inclusive):

(A) in the case of procurement or projects financed by IBRD and IDA:

- (i) from being a bidder

from being a nominated subcontractor, manufacturer, supplier* or implementing agency. (*A nominated subcontractor, manufacturer or supplier in this context means a sub-contractor, manufacturer or supplier that is included by the bidder in its bid because they bring specific and critical qualifications that are essential to make the bid responsive.

(B) in the case of projects financed or guaranteed by IFC, MIGA and IBRD or IDA partial risk guarantees (PRGs):

- (i) from being a sponsor
- (ii) from being a project/investee company
- (iii) from being a direct beneficiary of a World Bank Group guarantee of any nature

(C) in the case of corporate procurement under contracts with the World Bank Group:

- (i) from being a supplier or manufacturer of goods
- (ii) from being a supplier or sub-contractor for works or services

- The ‘voluntary restraint’ means that Siemens AG and its consolidated subsidiaries and affiliates required to withdraw all bids (including proposals) that are outstanding as of July 1, 2009.
- The “voluntary restraint” means that Siemens AG and its consolidated subsidiaries and affiliates are prohibited from signing any amendments to existing contracts– which may reflect any changes, addendums, or variation orders in connection with such contracts – unless such amendment has been specifically approved by the WBG based on a request submitted by the borrower.
- During the period of the voluntary restraint, Siemens may:
 - (i) continue implementation of existing contracts concluded prior to January 1, 2009, subject to restrictions on amendments indicated above.
 - (ii) act as a downstream supplier in connection with IBRD/IDA-financed contracts or WBG corporate procurement, if Siemens provides certain representations and covenants regarding its integrity compliance to the WBG on request and so long as it is not a nominated sub-contractor, manufacturer, or supplier described above.
 - (iii) act as an Engineering Procurement and Construction (EPC) contractor or a downstream supplier under IBRD or IDA PRGs, and IFC and MIGA-supported projects, if Siemens provides certain representations and covenants regarding its integrity compliance to the WBG on request and so long as it is not a sponsor, project company, or a direct beneficiary as indicated above.

(iv) in exceptional cases, where the WBG's Senior Management determines that excluding Siemens in the circumstances of a particular situation would result in disproportionate harm to the borrower, be permitted to bid or otherwise participate in a WBG-supported contract in such specific and exceptional case despite the terms of the voluntary restraint mentioned above.

Siemens has also agreed to engage in collective action with the WBG to fight fraud and corruption. Siemens will also continue to provide information on any additional cases of wrongdoing related to past, present and future Bank Projects in which Siemens is involved to the Bank's Institutional Integrity Vice Presidency (INT), which investigates fraud and corruption in Bank Group-financed activities.

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