



**CHIEF PROCUREMENT OFFICE**  
Fred Hahn, Capital Development Board

## MEMORANDUM

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**To:** Office of State Comptroller

**From:** Fred Hahn, Chief Procurement Officer   
Chief Procurement Office - Capital Development Board

**Date:** May 19, 2014

**Subject:** Disclosure of Business in Iran - Siemens

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I am providing information required by Section 50-36 of the Illinois Procurement Code (30 ILCS 500/50-36). Subsection (d) states:

(d) Each chief procurement officer shall provide the State Comptroller with the name of each entity disclosed under subsection (b) as doing business or having done business in Iran. The State Comptroller shall post that information on his or her official website.

Siemens Industry, Inc. ("SII") is the only bidder for temperature control work that is part of a CDB project for the renovation of Capen Auditorium at ISU, known as CDB Project No. 821-010-116. Its bid amount is \$147,400. SII's parent company is Siemens Corporation, which is an entity that is a part of a German company, Siemens Ag. SII's disclosures reflect that Siemens Ag and Siemens Medical Solutions USA, Inc., a subsidiary of Siemens Corporation, have been involved with contracts or business operations with the Government of Iran. The attached disclosures explain the involvement.

Should you have any questions, I can be contacted at 217-558-2210.

RETURN WITH BID

**L. Disclosure of Business Operations with Government of Iran**  
30 ILCS 500/50-36

*Each bid, offer, or proposal submitted for a State contract, other than a small purchase defined in Section 20-20 [of the Illinois Procurement Code], shall include a disclosure of whether or not the bidder, offeror, or proposing entity, or any of its corporate parents or subsidiaries, within the 24 months before submission of the bid, offer, or proposal had business operations that involved contracts with or provision of supplies or services to the Government of Iran, companies in which the Government of Iran has any direct or indirect equity share, consortiums or projects commissioned by the Government of Iran and :*

*(1) more than 10% of the company's revenues produced in or assets located in Iran involve oil-related activities or mineral-extraction activities; less than 75% of the company's revenues produced in or assets located in Iran involve contracts with or provision of oil-related or mineral – extraction products or services to the Government of Iran or a project or consortium created exclusively by that Government; and the company has failed to take substantial action; or*

*(2) the company has, on or after August 5, 1996, made an investment of \$20 million or more, or any combination of investments of at least \$10 million each that in the aggregate equals or exceeds \$20 million in any 12- month period that directly or significantly contributes to the enhancement of Iran's ability to develop petroleum resources of Iran.*

*A bid, offer, or proposal that does not include this disclosure shall not be considered responsive. We may consider this disclosure when evaluating the bid, offer, or proposal or awarding the contract.*

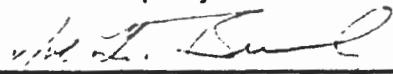
**You must check one of the following items and if item 2 is checked you must also make the necessary disclosure.**

1.  There are no business operations that must be disclosed to comply with the above cited law.

2.  The following business operations are disclosed to comply with the above cited law:

\_\_\_\_\_  
See Attachment  
\_\_\_\_\_  
\_\_\_\_\_

Siemens Industry, Inc.  
**Name of Company**

  
**Signature**

Siemens is firmly committed to the highest ethical standards and we place considerable emphasis on compliance on a global basis. Neither Siemens Industry, Inc. (SII) nor its parent, Siemens Corporation (SC), has been directly involved in any contracts or business operations with the government of Iran. Siemens Medical Solutions USA, Inc., a direct subsidiary of SC, has provided humanitarian products (medical equipment) pursuant to valid export licenses issued by the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC), which administers U.S. sanctions against Iran. Although Siemens AG (the ultimate parent of each of SII and SC) has historically had business activities in Iran, those activities are both far removed from SII and SC and have been executed consistent with applicable law and regulation.

As noted above, neither SII nor SC has business operations in, or sells products or services to, Iran except for humanitarian purposes as described above. Moreover, in January 2010, Siemens AG announced that, subject to certain narrow exceptions, Siemens' businesses outside the US will not enter into new contracts with customers in Iran. Accordingly, Siemens AG has issued group-wide policies that establish the details of this general decision which in several respects goes beyond legal requirements. Under those policies, products and services for humanitarian purposes, including the products and services supplied by our Healthcare Sector, and products and services required to maintain the installed products (e.g. deliveries of spare parts, maintenance and assembly services) were permitted to be provided.

However, throughout 2012 and 2013 Siemens AG has been tightening its group policies to provide that no new business with respect to products and services destined to maintain the installed base in Iran's oil & gas sector may be entered into under any circumstances. In addition, even outside the oil & gas sector, products and services for the installed base in Iran may be provided only in strictly limited circumstances which can be demonstrated to satisfy humanitarian purposes or private purposes serving the common good (e.g. water supply and healthcare of the civilian population).

Finally, pre-existing commitments to customers in Iran may be honored, such as legally binding obligations resulting from agreements that existed before the aforementioned policies were announced and adopted. The result of this policy of withdrawal and application of internal implementing procedures will result over time in a very substantial decline in revenues associated with sales to Iran. As of now, these revenues are less than 1% of Siemens' global consolidated revenue in fiscal year 2011 and are insignificant relative to Siemens' total revenue. None of these revenues, however, were derived from SII or SC, other than humanitarian healthcare sales licensed with OFAC, as noted above.

Siemens is not involved in the construction of nuclear power plants in Iran and its group-wide policies and procedures strictly prohibit the sale to Iran, among other countries, of military goods or dual-use goods that could be used for military purposes.

Siemens is firmly committed to the highest ethical standards and we place considerable emphasis on compliance on a global basis with guidelines published by the following major organizations, and we expect our suppliers and business partners to do the same:

- The United Nations' Universal Declaration of Human Rights (1948)

- The European Convention for the Protection of Human Rights and Fundamental Freedoms (1950)
- The International Labor Organization's (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977)
- The ILO's Declaration on Fundamental Principles and Rights at Work (1998)
- The Organization for Economic Co-operation and Development's Guidelines for Multinational Enterprises (2000)
- The UN's Agenda 21 on sustainable development (1992)
- In addition, Siemens has been a member of the UN Global Compact since 2003.

Siemens actively employs internal control programs, automated systems and procedures to ensure compliance with applicable export control requirements, including those in the United States, the European Union, Germany and any other applicable national regulation. All the above mentioned commitments and procedures also apply to our activities in Iran. We are monitoring our business activities in Iran closely and critically. Siemens' internal control programs, automated systems and procedures are designed to aim for full compliance with both legal regulations and all existing embargo and UN regulations, and Regulations under applicable law, including the European Union's Regulation No. 267/2012 of March 23, 2012, as amended by Council Implementing Regulation (EU) No. 945/2012 of October 15, 2012, and other recent legislation imposing extremely restrictive measures against Iran. Should embargo regulations or other international regulations be further tightened, Siemens and its subsidiaries and affiliates will implement them immediately.