Corporate Governance Roadshow

Joe Kaeser, Chairman of the Supervisory Board

January 2023



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AGM 2023 – Agenda items

Topic	Content
TOP 1	**Annual Financial Statements (IFRS and HGB), Combined Management Report for Fiscal 2022**
TOP 2	**Appropriation of net income**
TOP 3	**Ratification of acts of Executive Board Members**
TOP 4	**Ratification of acts of Supervisory Board Members**
TOP 5	**Appointment of Independent Auditor for fiscal 2023**
TOP 6	**Approval of Compensation Report for fiscal 2022**
TOP 7	**Amendment of Articles of Association regarding Supervisory Board** ▪ Renaming of “Innovation and Finance Committee” into “Sustainability and Finance Committee”
TOP 8	**Amendment of Articles of Association regarding virtual attendance of Supervisory Board members at shareholders’ meetings**
TOP 9	**Amendment of Articles of Association regarding virtual shareholders’ meetings** ▪ Authorization of Executive Board to determine that shareholders’ meetings be held as virtual shareholders’ meetings ▪ Limitation of duration of this authorization to 2 years (instead of legally possible maximum of 5 years)
TOP 10	**Authorized Capital 2023** ▪ Same volume and scope (≤ 50% of share cap./ only cash) as previous authorized capital of 2020 ▪ Exclusion of subscription rights (≤ 10%)
TOP 11	**Authorization to Issue Convertible Bonds/Warrant Bonds and respective new Conditional Capital 2023** ▪ Same volume and scope (€4bn) / ≤ 10% of share cap.) as previous authorization of 2020 ▪ Exclusion of subscription rights (≤ 10%)
TOP 12	**Authorization to Acquire and Use Treasury Shares 2023** ▪ Same volume (≤ 10% of share cap./only cash) and scope as existing authorization of 2020 ▪ Exclusion of subscription rights (≤ 10%)

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Virtual AGM

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Virtual format of Shareholders‘ Meeting on February 7, 2023
Authorization to provide that AGMs can be held virtually for 2 years

Annual Shareholders’ Meeting 2023 shall be held as virtual meeting in accordance with the new provisions of the German Stock Corporation Act.

- **Under the new legal framework, virtual format** is not a “second best option” compared to a physical AGM (as was during COVID-19 crisis), but **now ensures that full scope of all shareholders’ rights** that can be exercised in a physical meeting **can also be exercised in the virtual AGM,** including live interaction between management and shareholders
- **Virtual AGM offers opportunity for all shareholders (including international shareholders) to participate** – no travel required and limited efforts for all shareholders, therefore at the same time being a sustainable format with lower costs
- **Virtual AGM offers greater planning security than physical AGM –** Pandemic situation remains dynamic which makes organization of a physical AGM challenging
- **Amendment of Articles of Association regarding virtual shareholders’ meetings limited to 2 years** – Decision on a yearly basis

Live Interaction with shareholders



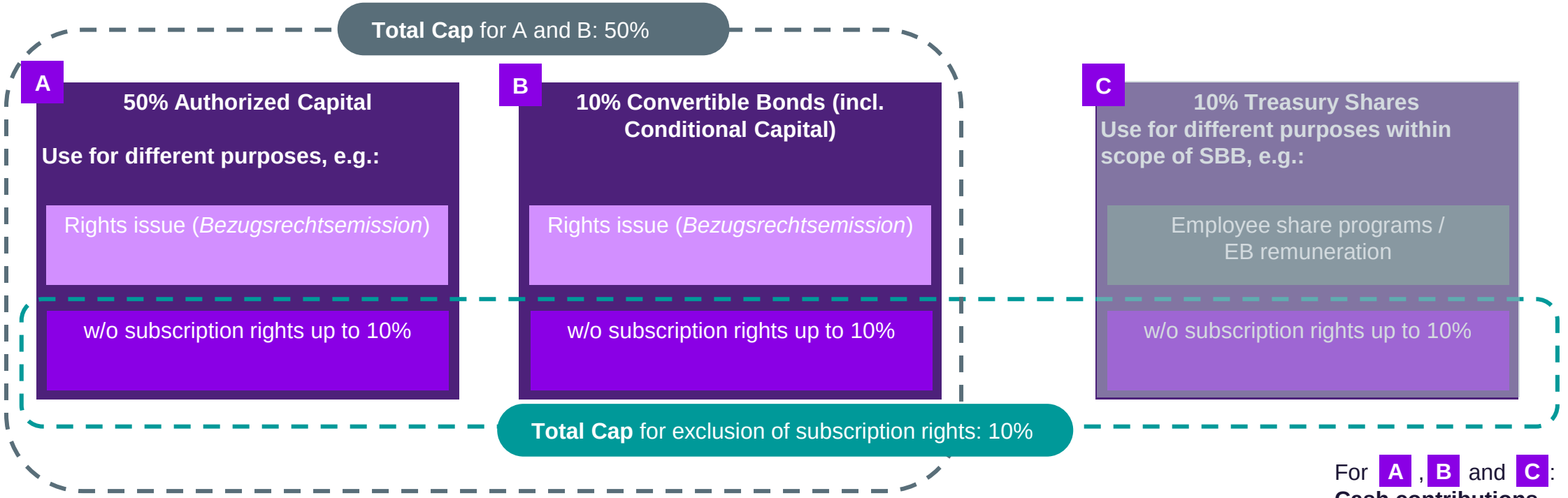
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Capital Authorizations

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AGM 2023 – Proposal for new Capital Authorizations



For **A** , **B** and **C**: **Cash contributions only**, no contributions in kind possible

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Supervisory Board

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Supervisory Board Members – Shareholder Representatives
Highly experienced, international and diverse

		Joe Kaeser[1]	Dr. Christine Bortenlänger	Sigmar Gabriel	Geisha Jimenez Williams	Hubert Lienhard	Hildegard Müller	Laurance Mulliez	Matthias Rebellius	Ralf Thomas	Randy Zwirn
											
Date of Birth		23.06.1957	17.11.1966	12.09.1959	21.07.1961	12.01.1951	29.06.1967	06.02.1966	02.01.1965	07.03.1961	11.02.1954
Mandate since		25.09.2020	25.09.2020	25.09.2020	25.09.2020	25.09.2020	25.09.2020	25.09.2020	25.09.2020	25.09.2020	25.09.2020
AGM Election | 4-year term		AGM 2021	AGM 2021	AGM 2021	AGM 2021	AGM 2021	AGM 2021	AGM 2021	AGM 2021	AGM 2021	AGM 2021
SE committees		▪ Presiding ▪ Audit ▪ Nomination ▪ Sustainability & Finance ▪ Mediation	▪ Audit ▪ Related Party Transactions	▪ Related Party Transactions	▪ Nomination ▪ Sustainability & Finance	▪ Presiding ▪ Nomination ▪ Sustainability & Finance ▪ Mediation	▪ Related Party Transactions	▪ Audit	▪ Sustainability & Finance	▪ Audit ▪ Nomination	
Independence		yes	yes	yes	yes	yes	yes	yes	no	no	yes
Mandate excl. SE	**Executive**	no	no	no	no	no	no	no	yes	yes	no
	Supervisory Board	**Listed** ▪ Daimler Truck Holding AG[1] ▪ Linde PLC **Non-listed** ▪ Daimler Truck AG	**Listed** ▪ Covestro AG ▪ MTU Aero Engines AG **Non-listed** ▪ TÜV Süd AG ▪ Covestro Deutschland AG	**Listed** ▪ Deutsche Bank AG **Non-listed** ▪ Thyssenkrupp Steel Europe AG	**Non-listed** ▪ Osmose Utility Services, Inc.[1] ▪ Artera Services LLC	**Listed** ▪ EnBW Energie Baden-Württemberg AG **Non-listed** ▪ Heraeus Holding GmbH ▪ SMS GmbH ▪ SMS group GmbH ▪ Kaefer Management SE	**Listed** ▪ Vonovia SE **Non-listed** ▪ RAG Stiftung	**Listed** ▪ Morgan Advanced Materials plc. ▪ Voltalia SA.[1] **Non-listed** ▪ Globeleq Ltd.[1]	**Listed** ▪ Siemens Ltd., India **Non-listed** ▪ Arabia Electric Ltd. ▪ Siemens Ltd., Saudi Arabia ▪ Siemens Qatar ▪ Siemens Schweiz AG	**Listed** ▪ Siemens Healthineers AG[1] **Non-listed** ▪ Siemens Healthcare GmbH[1] ▪ Siemens Proprietary Limited, South Africa[1]	**Listed** ▪ Babcock Power Inc.
Diversity	**Female**	no	yes	no	yes	no	yes	yes	no	no	no
	International	no	no	no	yes	no	no	yes	no	no	yes

1) Chairman

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Qualification Matrix
shows the implementation status of the objectives regarding the Supervisory Board's composition, including the profile of required skills and expertise and the diversity concept
(Annual Report page 139/140)

Supervisory Board Qualification Matrix
Extract:

		Joe Kaeser	Robert Kensbock	Dr. Hubert Lienhard	Günter Augustat	Manfred Bäreis	Manuel Bloemers	Dr. Christine Bortenlänger	Dr. Andrea Fehrmann	Dr. Andreas Feldmüller	Nadine Florian
Duration of Membership	Member since	25/09/20	10/11/20	25/09/20	10/11/20	10/11/20	01/09/22	25/09/20	10/11/20	10/11/20	10/11/20
Personal ability	Personality and integrity	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Individual professional abilities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Availability	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Independence*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Diversity / Internationality	Gender	male	male	male	male	male	male	female	female	male	female
	Year of birth	1957	1971	1951	1968	1962	1980	1966	1970	1962	1976
	Nationality	German	German	German	German	German	German	German	German	German	German
	International experience	✓	✓	✓	✓	✓				✓	✓
	Educational background	Business Administration	Technical Drawer	Studies of Chemistry	Chartered Engineer (TU) Energy and process Engineering	High School Diploma, Technician	Chemical Laboratory Technician, Economist	Banker, Certified Economist	Studies of Sociology, Doctorate (Dr. Phil)	Certified Mechanical Engineer, Doctorate (Dr.-Ing.)	Prof. Training as Office Administrator
Professional ability	Important business areas (esp. Energy generation, transmission, distribution)	✓	✓	✓	✓	✓		✓		✓	
	Stakeholder Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Change Management	✓		✓	✓	✓	✓	✓	✓	✓	✓
	Technological competence		✓	✓	✓	✓	✓		✓	✓	
	Strategy	✓	✓	✓	✓	✓	✓		✓	✓	✓
	Innovation	✓	✓	✓	✓	✓	✓		✓	✓	✓
	Manufacturing and production		✓	✓	✓	✓				✓	✓
	Marketing and sales	✓		✓	✓	✓		✓		✓	

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Supervisory Board Meeting Attendance

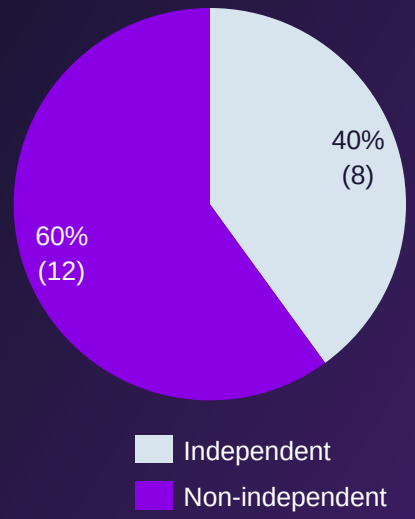
(Number of meetings / participation in %)	Supervisory Board plenary meetings		Presiding Committee		Audit Committee		Innovation and Finance Committee[1]		Related Party Transactions Committee	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Joe Kaeser Chairman	7/7	100	14/14	100	7/7	100	4/4	100		
Dr.-Ing. Hubert Lienhard Deputy Chair	7/7	100	14/14	100			4/4	100		
Dr. Christine Maria Bortenlänger	7/7	100			7/7	100			1/1	100
Sigmar Gabriel	7/7	100							1/1	100
Hildegard Müller	7/7	100							1/1	100
Laurence Mulliez	7/7	100			7/7	100				
Matthias E. Rebellius	7/7	100					3/4	75		
Prof. Dr. Ralf Thomas	7/7	100			7/7	100				
Geisha Jimenez Williams	7/7	100					4/4	100		
Randy Zwirn	7/7	100								

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Supervisory Board Committee & Independence

Presiding Committee (50% independent)	Joe Kaeser (Chair) (I)	Hubert Lienhard (I)		
	Robert Kensbock	Jürgen Kerner		
Audit Committee (~40% independent)	Laurence Mulliez (Chair) (I)	Christine Bortenlänger (I)	Joe Kaeser (I)	Ralf Thomas
	Robert Kensbock	Andrea Fehrmann	Nadine Florian	Manfred Bäreis
Sustainability and Finance Committee (~40% independent)	Joe Kaeser (Chair) (I)	Hubert Lienhard (I)	Matthias Rebellius	Geisha Williams (I)
	Robert Kensbock	Jürgen Kerner	Günter Augustat	Thomas Pfann
Nominating Committee (75% independent)	Joe Kaeser (Chair) (I)	Hubert Lienhard (I)	Ralf Thomas	Geisha Williams (I)
Mediation Committee (50% independent)	Joe Kaeser (I)	Hubert Lienhard (I)		
	Robert Kensbock	Jürgen Kerner		
Related Party Transactions Committee (50% independent)	Hildegard Müller (I)	Christine Bortenlänger (I)	Sigmar Gabriel (I)	
	Robert Kensbock	Andreas Feldmüller	Horst Hakelberg	

Supervisory Board Independence



(I) = independent

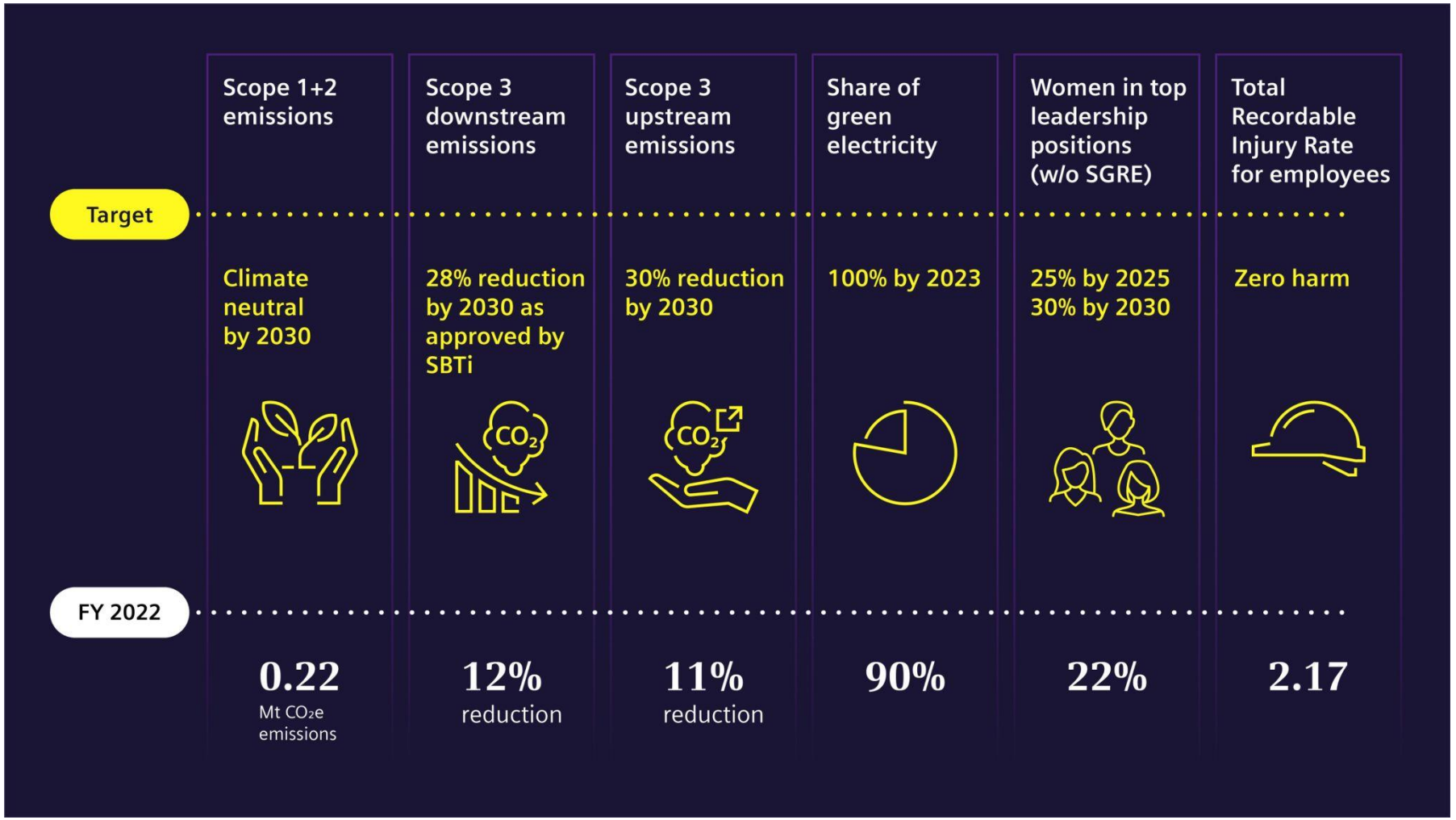
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ESG

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FY22 – Great achievements on the path to our ESG targets



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Siemens Energy recognized for transparency in ESG performance demonstrated by rating improvements vs. previous year

SUSTAINALYTICS

#7 of 218 in industry, low risk rating

▲ **16.5** (17.4)

ISS ESG

B- prime (1st decile rank in industry)

▲ **60.3** (57.5)

MSCI ESG Research

A (on a scale of AAA – CCC)

▲ **5.7** (5.3)

Disclosures provide transparency

Sustainability Report

Task Force on Climate-related Financial Disclosures (TCFD)

UN Global Compact Communication on Progress

B (on a scale of A to D)

CDP DISCLOSURE INSIGHT ACTION

Next update in Dec.

Gold Label (69/100)

ecovadis

▲ **69** (63)

▲ = rating change. **2022 rating** (2021 rating)

January 2023

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Remuneration

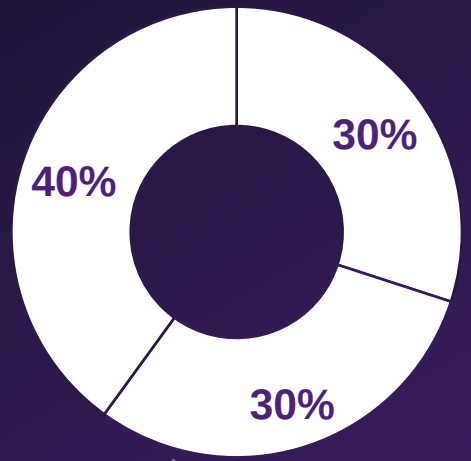
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Siemens Energy Remuneration System

Executive Board compensation

Long-term variable
(Stock awards, 4-year vesting)
- 40% Total shareholder return
- 40% EPS
- 20% ESG criteria



Base
(Cash)

Short-term variable
(Cash)
- 1/3 Profit margin
- 1/3 FCF
- 1/3 Individual targets
  (**now including Customer Satisfaction and EHS**)

Ownership Culture

Executive Board
to hold 200% resp. 300% of base pay as stock

Business Area Responsibility

Board Members
50% of individual targets based on performance of Business Area

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Executive Compensation in FY22
Higher transparency of individual targets in STI

Bonus – Individual targets FY 2022

Executive Board members in office as of September 30, 2022	Evaluation – Sustainability targets			Target attainment
	Target	Customer service (1)	Health & safety (2)	
Dr.-Ing. Christian Bruch	Improvement of within the responsibilities and scope of influence of the respective EBM (customer satisfaction) and living and driving the six "Zero Harm" behaviors (health and safety)	Improvement of customer satisfaction across SE (excluding SGRE) in FY 2022	Improvement of the safety culture in the Company; focus on regular "Safety Moments"	(1) 130% (2) 120%
Maria Ferraro		Improvement of customer satisfaction across SE (excluding SGRE) in FY 2022	Focus on mental health, including within the finance leadership team; successful campaign carried out	(1) 110% (2) 130%
Tim Holt		Partnerships developed with key customers; improved customer satisfaction at Transmission in FY 2022	Monthly "Eye on Safety" calls; role model for the implementation of safety principles	(1) 110% (2) 130%
Karim Amin (from March 2022)		High level of customer satisfaction evident via improvement of order intake	Consistent engagement for health and safety, e.g. through "Eye on Safety" calls and other initiatives	(1) 130% (2) 120%

	Additional individual targets	Target setting	Evaluation	Target attainment
Dr.-Ing. Christian Bruch	Execution of strategic priorities	Introduction of a new operating model; compelling Equity Story at the Capital Markets Day (CMD)	New organization introduced on time as of October 1, 2022; successful CMD; successful placement of top management roles	150%
	Talent development	Succession planning and strengthening of the candidate pool for succession; talent development programs	International trainee program introduced; strategic workforce planning piloted; expert academies introduced	120%
Maria Ferraro	Execution of strategic priorities	Simplification of profit and loss entities; effective oversight of Siemens Gamesa Renewable Energy	Large reduction in the number of units; placement of mandatory convertible bond and successful S&P rating	120%
	Organizational development	Implementation of the new operating model for finance; reporting according to new segmentation	Reduction of levels of hierarchy and increase of the span of control; new operating model underpins FY 2023	110%
Tim Holt	Portfolio transformation	Growth plan for Transmission; New set up for the business in the United States	Growth plan developed and delivering initial results; enhanced profile in the United States	110%
	Organizational development	Implementation of the new operating model	Very successful execution in Grid Technologies with simplification of structures; handover of corporate functions	140%
Karim Amin (from March 2022)	Portfolio transformation	New split of business between Divisions; consolidation of businesses	Successful transfer of businesses and introduction of the new Business Areas; several divestments closed	100%
	Operational excellence	Execution of the Accelerating Impact Program (AIP) and securing of savings	AIP cost savings target exceeded; AIP measures secured with the new organizational structure	130%

Executive Board member who left in fiscal year 2022		Target attainment
Dr.-Ing. Jochen Eickholt (until February 2022)	Alongside customer satisfaction and health and safety, Dr.-Ing. Jochen Eickholt had targets on portfolio transformation and operational excellence. Due to his departure from the Executive Board after five months in fiscal year 2022, the Supervisory Board elected to set 100 % target attainment for all four targets.	100%

Business Area Responsibility

FY23: Remuneration
50% of individual targets based on performance of Business Area

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Improved transparency of ESG Performance within LTI

Siemens Energy Stock Awards – Target setting ESG-targets (all current tranches):			Target values (Assessment conducted at the end of the last fiscal year of the vesting period)					
			FY 2024			FY 2025		
	Performance criteria	Baseline value	0%	100%	200%	0%	100%	200%
Environmental („E")								
Tranche 2021	CO_2 Scope 1+2 (kt)	292	252	236	220	-	-	-
Tranche 2022	CO_2 Scope 1+2 (kt)	273	-	-	-	220	195	170
Social („S")								
Tranche 2021	eNPS (points)	-1.9	0	10	20	-	-	-
Tranche 2022	eNPS (points)	-9.1	-	-	-	0	5	10
Governance („G")								
Tranche 2021	Share of women in management (PC 64-72)[1]	22.4%	22%	25%	28%			
Tranche 2022	Share of women in management (PC 63-72)[1]	20.5%				22%	25%	28%

1. The relevant population for measuring the share of women in management is defined based on functional value, which is represented by position classes (PC). The population PC 64-72 comprises around 125 of the highest rated functions, the population PC 63-72 around 190 such functions. For Tranche 2022, the population was changed in order to bring the basis for measurement in line with external and internal reporting.

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Strategy

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New group structure as of October 1, 2022
increases customer focus, transparency and accountability…

Siemens Energy

SE Executive Board

CEO	CFO
	
Christian Bruch	Maria Ferraro

Reporting Segments

Gas Services	Grid Technologies	Transformation of Industry	Global Functions	SGRE
				
Karim Amin	Tim Holt	Anne-Laure de Chammard	Vinod Philip	Jochen Eickholt

…and our new operating model aims at

Clear Structures | **Unified go to market** | **Operational excellence** | **Focused innovation**

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Status quo of the voluntary cash tender offer with intention to delist SGRE

Current status

- CNMV approval obtained Nov 7, acceptance period finished (Nov 8 - Dec 13)
- Acceptance rate of 77.88% / Siemens Energy holdings in SGRE of 92.72% as of Dec 19

Funding

- Funding requirement driven by tender offer acceptance (up to €4bn)
- Intention to finance up to €2.5bn of the transaction value with equity or equity like instruments (in case all shares are tendered)
- Funding of acquisition of up to €4bn fully underwritten (guaranteed bridge facility in place until Nov 2024)
- €1.15bn cash collateral provided to CNMV reduced volume of guaranteed bridge facility to €2.9bn by end of Q3
- €960m raised by mandatory convertible bond. Funds were transferred in Oct 7 to CNMV as additional cash collateral, volume of guaranteed bridge facility further reduced to €1.95bn.

Tentative timeline

21 May 2022
Public offer announcement

7 Nov 2022
Approval by CNMV

8 Nov 2022
Start of acceptance period

13 December 2022
End of acceptance period

21 December 2022
Settlement / payment date

25 January 2023
SGRE delisting EGM

February 2023
Delisting approval by the CNMV

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