

Joe Kaeser
Chairman of the Supervisory Board
Siemens Energy AG

Dear Shareholders,

Siemens Energy AG's fiscal year 2020 was largely dominated by its spin-off from Siemens AG, which was completed with Siemens Energy AG's listing. The company has thus achieved key milestones and is now independent. Siemens Energy's first Annual Shareholders' Meeting (AGM) will be held on February 10, 2021. We look forward to engaging with you at this Shareholders' Meeting, which will be conducted as a virtual event due to the coronavirus pandemic.

The meeting's agenda contains important items that you are asked to vote on. Among other things, they include the appointment of the independent auditor, say-on-pay and in particular the election of the shareholder representatives on the Supervisory Board, who will represent your interests as part of their duties to oversee and advise the company. A lot of information on these subjects is already available, for example in the Annual Report or in the Notice of Annual Shareholders' Meeting published in the German Federal Gazette (Bundesanzeiger) on December 15, 2020.

For the first time, you have the opportunity to elect the Supervisory Board of the newly listed Siemens Energy. That is one of the core items on the agenda. We are, therefore, seeking dialogue with you in order to duly clarify key matters at the Annual Shareholders' Meeting and, if necessary, deal with issues you feel to be important in greater depth. That is also important for us because interactive dialogue is restricted due to the fact that the Annual Shareholders' Meeting is being held as a virtual event.

Today, I would like to begin with the pending election of the Supervisory Board members. Here we want to give you some insight into the criteria we considered to be most relevant in the selection process for the Supervisory Board members:

1. An understanding of and experience in the energy sector and/or finance (domain know how)
2. Internationality and diversity (diversification)
3. Experience in the field of regulation and government relations (e.g. energy transformation)
4. Appropriate involvement of the main shareholder to ensure stability while emphasizing our independence (deconsolidation)

Based on these criteria and the availability of candidates, we selected the following persons to be proposed for election by the shareholders:

Hubert Lienhard, Hildegard Müller, Geisha Jimenez Williams and Randy Zwirn contribute substantial experience in the industry and in particular in Siemens Energy's business segments. With Christine Bortenlänger, Laurence Mulliez and Ralf Thomas, we have proven and internationally respected financial experts. And with Ralf Thomas, we ensure a smooth transition and the stabilization of a successful and mutually value-creating deconsolidation. Sigmar Gabriel is able to put major infrastructure projects into context thanks to his vast domestic and international experience in the governmental and political landscape. Matthias Rebellius is the member of the Managing Board of Siemens AG responsible for Smart Infrastructure. In his capacity as an Energy board member,

he can help optimize the interface in the electrical value chain between Siemens Energy AG and Siemens AG – also with regard to cooperation ventures to the benefit of both companies and ultimately their shareholders.

All in all, we believe we have excellent selections. And we are also aware that we can strengthen the Supervisory Board's expertise even further in some areas going forward. Representation of the Asia region is one example. We also believe that there should be greater ethnic diversity in addition to gender diversity and wide range of experience. Such considerations are on the medium-term agenda for further enhancing the Supervisory Board. They also include, in particular, further strengthening the independence of key Supervisory Board committees. After all, good corporate governance is our top priority. And a highly independent Supervisory Board is an integral part of that.

The overarching intent in spinning off the Energy Sector from Siemens AG and establishing Siemens Energy as a separate company has always been to ensure the future and, above all, sustainable success of both companies, Siemens AG and Siemens Energy AG.

Therefore, the Chairman of the Supervisory Board of Siemens AG, and I, as its President and Chief Executive Officer, did important groundwork early on to achieve that goal. That also included a dedicated succession process for me as President and CEO of Siemens AG and the involvement of Siemens Energy AG's Executive Board at an early stage. It became very clear to Jim Hagemann Snabe and me, that a neutral positioning was necessary in the process of spinning off Siemens Energy in order to ensure fair, balanced and mutually acceptable structures for the two companies – the "new" Siemens AG and Siemens Energy. This included resolving conflicts of interest between their different objectives. With the early succession appointment of Roland Busch and a timely management structure for Siemens Energy, I was able to fulfill this mediation task while still being President and CEO of Siemens AG to accomplish the goal of creating two strong and well equipped companies going forward. And therefore, I was able to act in the best interests of shareholders, who would receive shares in both companies at the time of the spin-off. Another particularly important aspect in the creation of the two new companies, Siemens AG and Siemens Energy, was to find structures and processes that enable stabilization of Siemens Energy, a company that is attractive in the medium term, but is faced in the short term by structural challenges.

In order to support this essential task, I agreed to accept the post of Chairman of Siemens Energy's Supervisory Board. In the past months, I have accompanied the operationally independent board of the Gas and Power operating company in a neutral and dedicated manner on its path toward autonomy. During that time, I have handed over the operational part of my responsibilities as President and CEO of Siemens AG to my successor Roland Busch and focused on creating a stable governance and management structure at Siemens Energy. We have acted precisely in line with the way we defined the spin off process early on.

As planned for a long time, I will resign as President and CEO of Siemens AG effective February 3, 2021, the day of Siemens AG's Annual Shareholders' Meeting. I will also resign from the Supervisory Board of Siemens Limited India effective February 12, 2021. From then onwards, I will have no further ties with or obligations toward Siemens AG and will act in a fully independent way in the best interest of Siemens Energy shareholders.

Independence on the Supervisory Board has the highest priority. At the time the Notice of Annual Shareholders' Meeting was issued, seven members of the Supervisory Board did not have any personal or business relations with Siemens AG or Siemens Energy AG. I myself will end my ties with Siemens AG soon as stated above. This is why the Siemens Energy Supervisory Board concluded that I will be fully independent at the time of the Annual Shareholders' Meeting on February 10, 2021.

Despite our keen interest in ensuring continuity and stability in the separation and thus, deconsolidation process of Siemens Energy from Siemens AG, independent judgment is nevertheless important. And we are also respectful of any remaining shareholder concerns regarding the involvement of current and former management members of Siemens AG. In order to address these concerns, the Supervisory Board has nominated Hubert Lienhard a special independent director who will explicitly watch over shareholders' interests in terms of independence. This heightened authority and the fact that Siemens AG will only have a significantly lower number of votes in electing that Supervisory Board member underscores the special importance of Hubert Lienhard's position, which is based on the role and responsibilities of a Lead Independent Director.

One of the most prominent committees is the Audit Committee, a majority of whose members are to be independent. We believe all nominated shareholder representatives have outstanding professional qualities and experience for this post and are an outstanding team for the Audit Committee. By the same token, it is also highly important to enable a smooth transition to the new company in terms of, for example, the integrity of the internal control system and compliance. Therefore, we propose to have Ralf Thomas play an important role in the committee for an interim timeframe. In this context, we assume that there will be developments in the next one to two years that will underscore the intent to equip the Audit Committee further with independent members – for example, as soon as Siemens AG (as announced) has reduced its stake in Siemens Energy AG or where criteria for inclusion in further stock market indices accelerate this plan.

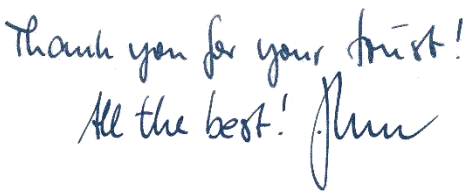
Günter Augustat, Manfred Bäreis, Andrea Fehrmann, Andreas Feldmüller, Rüdiger Groß, Nadine Florian, Horst Hakelberg, Robert Kensbock, Jürgen Kerner and Hagen Reimer have been appointed by the court as employee representatives. Our constituent meeting with the employee representatives was held on December 4, 2020. I look forward to working together with them. I believe that the great strength of German codetermination lies in a constructive relationship between shareholder and employee representatives for the greater good of the company and all its stakeholders. That strength will be a key factor in view of the tasks ahead of us.

Given the diligent considerations laid out above in great detail, the members of the individual committees, on which shareholders and employees are equally represented, are proposed as follows:

Chairman's Committee	Joe Kaeser (Chairman) Robert Kensbock	Hubert Lienhard Jürgen Kerner		
Audit Committee	Christine Bortenlänger Robert Kensbock	Laurence Mulliez Andrea Fehrmann	Joe Kaeser Nadine Florian	Ralf Thomas Manfred Bäreis
Innovation and Finance Committee	Joe Kaeser (Chairman) Robert Kensbock	Hubert Lienhard Jürgen Kerner	Matthias Rebellius Günter Augustat	Geisha Williams Rüdiger Groß
Nominating Committee	Joe Kaeser (Chairman)	Hubert Lienhard	Ralf Thomas	Geisha Williams
Mediation Committee	Joe Kaeser Robert Kensbock	Hubert Lienhard Jürgen Kerner		
Related Party Transactions Committee	Hildegard Müller Robert Kensbock	Christine Bortenlänger Andreas Feldmüller	Sigmar Gabriel Horst Hakelberg	

I wish to thank you kindly for your trust in our Supervisory Board and would be delighted if you gave your support to the candidates in the election on February 10, 2021. If you have any further questions in the meantime that cannot wait to be answered at the AGM, do not hesitate to contact our investor relations team.

We assume that there will also be further detailed questions on other topics, like the Executive Board's compensation, appointment of the independent auditor and possibly other points. We will also be pleased to address these matters at the Annual Shareholders' Meeting.



Joe Kaeser

Chairman of the Supervisory Board of Siemens Energy AG