

**OPENING SPEECH TO THE SIEMENS
ANNUAL SHAREHOLDERS' MEETING 2020**

Jim Hagemann Snabe

Chairman of the Supervisory Board
of Siemens AG

Munich, February 5, 2020

About 25 minutes

Check against delivery.

Ladies and gentlemen,

Siemens can look back on another successful fiscal year. In a difficult geo-economic environment, the company achieved its announced targets in all points.

On behalf of the Supervisory Board, I'd like to cordially thank the Managing Board and all the employees and employee representatives of Siemens AG and all Group companies for their impressive performance in fiscal 2019.

I'd particularly like to thank them for their determination in driving Siemens' transformation in a time of success.

In fiscal 2019, reinventing Siemens from a position of strength remained a priority for the Supervisory Board.

Before we take a closer look at the work of the Supervisory Board, please allow me to make a few remarks on a topic of current interest.

Siemens has been criticized in recent weeks for an order in Australia. The Managing Board has addressed this criticism and will do so again today.

I can certainly understand that there has been much discussion of this matter. However, the way the debate has been conducted has shifted attention from the really important questions: How can we make Siemens as a whole more sustainable? How can we help our customers become more sustainable? And how much responsibility should Siemens assume for the sovereign decisions of nations and other companies?

Siemens is striving for – and focusing its activities on achieving – a carbon-neutral future. On this fundamental goal, Siemens and the climate-protection movements that are expressing their opinions here today are in full agreement. It's important for me to emphasize this point and remind you of the facts.

In 2015, Siemens became the first multinational industrial company in the world to make a commitment to becoming carbon neutral and to do so by no later than 2030. We've made considerable progress in realizing this commitment. This year, Siemens' CO₂ emissions will already be at least 50 percent lower than in fiscal 2014.

At the same time, Siemens is supporting its customers day by day in their efforts to operate on a more sustainable basis. Our environmental portfolio of ecofriendly products and solutions accounts for nearly €40 billion of our annual revenue. We'll continue to resolutely pursue our sustainability targets.

As part of this effort, the Managing Board has proposed the establishment at Siemens Energy of a Sustainability Committee, some of whose members will be from outside the company.

The Supervisory Board welcomes this proposal. A committee of this type will enable the productive and fact-based exchange of ideas and thereby make it possible to find solutions for concrete sustainability-related problems.

If there's been something good about the public discussion, it's certainly this: it's encouraged us to accelerate Siemens' transformation into a sustainable company and make an even greater contribution to sustainability in global markets and for our customers.

The global discussion of climate change is a sign that a new era has begun. Today and in the future, companies must give greater consideration to the environmental impact of their actions when making business decisions.

This new era also includes trailblazing technological changes that are being made possible only by the digital transformation. Here, the digital transformation meshes with sustainability: digital technologies are the major lever for making business operations sustainable.

Against this backdrop, businesses must fundamentally reinvent themselves. And Siemens has every right to claim that it began this process of reinvention early on and has been implementing it systematically.

For the Supervisory Board, the focus here has been on the three areas strategy, structure and leadership – in exactly that order.

Strategy answers the questions: Where do we want to go and why? Structure is about choosing the best organizational form for executing our strategy. And leadership focuses on finding the right people to shape change and lead our businesses into the future.

The Supervisory Board made a very conscious decision to do things in exactly this order, and we're following it because it's necessary for reinventing a company systematically and successfully.

Let's take a look at the first step, strategy: in 2014, Joe Kaeser and the Managing Board presented Vision 2020. In the years that followed, Vision 2020 enabled us to considerably strengthen our operating performance, our power of innovation and the satisfaction of our customers across all our business fields. Siemens completed Vision 2020 successfully by 2018 – in other words, faster than originally planned.

The Managing Board recognized and used this highly favorable situation to continue the company's strategic development: the ambitious Vision 2020+ program was presented in August 2018. It's the blueprint for next-generation Siemens and aims at enabling greater speed and stronger, sustainable growth.

Vision 2020+ is creating focused and more specialized Siemens companies.

Over the medium and long term, these companies aim to take leading positions in the future-oriented markets of industry, infrastructure, mobility, healthcare and energy. In each of these markets, they intend to drive the transformation toward sustainability and digitalization.

Toward the end of their terms of office, most CEOs would hesitate to make such major changes. However, you, Mr. Kaeser, and the Managing Board team are accelerating the company's transformation again with Vision 2020+.

For Siemens, the past few years have been successful from a business perspective, and they've also been an era of renewal. On behalf of the Supervisory Board, I'd like to sincerely thank you, Mr. Kaeser, and the Managing Board for your forward-looking action and decisiveness.

The second step, structure, has been derived from our strategy – and, more specifically, from Vision 2020+.

In times of ever-faster market developments, traditional conglomerates are facing major challenges. Size used to be a crucial competitive advantage. Today, however, it's speed that's crucial.

For this reason, Siemens will, in the future, be divided into three companies that have the required speed and flexibility to be successful and capture leading positions in their specific markets.

These companies are:

- Siemens AG – that is, our industrial core comprising Digital Industries, Smart Infrastructure and Mobility
- the healthcare technology provider Siemens Healthineers AG
- and Siemens Energy, the pureplay energy company that's currently being formed.

In fiscal 2019, the Supervisory Board provided particularly close support in the decision to publicly list Siemens Energy via a spinoff. This step will create an independent company that can play a vital role in shaping and driving the worldwide transformation of energy systems in the move to renewable energies.

At the Extraordinary Shareholders' Meeting planned for July 9, 2020, we'll explain the spinoff to you, our shareholders, and submit it for a vote. We hope you'll support the course that Siemens' energy business is taking.

Siemens Energy's independence marks a milestone in our company's history. Some people say these steps are making Siemens smaller. The Supervisory Board and Managing Board see this differently. The three Siemens companies that will form next-generation Siemens will remain connected like the members of a family.

But they'll also be able to pursue their development independently. As a result, they'll have all the prerequisites they need to be among the best in their respective industries and help shape the digital and sustainable economy of tomorrow.

The third step is about finding leaders to fill our structure and strategy with life – people who will forge ahead and take responsibility.

Given our strategy and structure, it's already possible to draw this conclusion: the responsibility for leading the three Siemens companies will be – or already is – in the hands of their own individual CEOs. Monitoring, on the other hand, is the responsibility of the relevant supervisory boards.

As a result, there'll no longer be one CEO. Instead, there'll be three – one at the head of each of the three companies.

Bernd Montag and his team have been leading Siemens Healthineers AG for some time now and are rigorously implementing the company's strategy.

The Supervisory Board appointed Michael Sen Co-CEO of Siemens' Gas and Power Operating Company, effective October 1, 2019. After the conclusion of today's Annual Shareholders' Meeting, he will be Gas and Power's sole CEO. He announced the composition of his management team at the end of October.

Mr. Sen is to be nominated for CEO of Siemens Energy. The Supervisory Board is convinced that he and his team will leverage the opportunities provided by the public listing and lead Siemens' energy business to sustainable success.

Congratulations, Mr. Sen. I wish you and your colleagues every success in this vital task.

Lisa Davis has been a member of Siemens' Managing Board for more than five years. Since October 1, 2019, she has also served with Mr. Sen as Co-CEO of the Gas and Power Operating Company – a position she will continue to hold until the conclusion of today's Annual Shareholders' Meeting. At the end of February, Ms. Davis is leaving the Managing Board by mutual agreement.

Ms. Davis, as a member of the Managing Board, your services to Siemens' energy businesses have been outstanding. In a difficult market environment, you've implemented the necessary changes. You've also contributed to a long-term orientation – particularly with regard to the decision to publicly list Siemens Energy. On behalf of the Supervisory Board, I'd like to cordially thank you for your dedication.

We've made important personnel decisions regarding Siemens AG as well.

The Supervisory Board appointed Roland Busch Deputy CEO, effective October 1, 2019, and Labor Director, effective December 1, 2019.

Congratulations, Mr. Busch. Siemens' industrial core combines strong businesses, all of which have excellent perspectives, particularly in linking electrification, automation and digitalization. For your exciting new tasks, I'd like to wish you every success.

The Supervisory Board will decide on Mr. Kaeser's Managing Board appointment in the summer of 2020.

I'm often asked why the Supervisory Board has chosen this time plan.

The answer is simple: we want to focus now on the carveout of Siemens Energy and on our business activities before the Supervisory Board makes its next decision regarding the planned succession process.

For the first time in 15 years, this process has been structured and initiated at an early stage. For their trust-based cooperation in its implementation, I'd like to thank the members of the Supervisory Board and Mr. Kaeser.

And there's also been another change in the Managing Board.

Janina Kugel left the Managing Board of Siemens AG when her regular term of office expired at the end of January. Unfortunately, she can't be here today due to another obligation.

Ms. Kugel promoted, in particular, culture change, diversity and inclusion – an achievement that has gained wide recognition both within our company and far beyond.

The Supervisory Board would like to thank Ms. Kugel for her five years of successful work as Chief Human Resources Officer and Labor Director of Siemens AG and for a total of nearly two decades of service to our company.

In upcoming Managing Board appointments, there will be a sharper focus on the goal of diversity – and particularly on the appointment of women to Managing Board positions.

The new system of Managing Board compensation, on which the Annual Shareholders' Meeting will be voting today, is also intended to help create a modern form of company management.

In creating this new system, Siemens is an innovator because the system already complies with the new German Corporate Governance Code of December 2019 and with the German Act Implementing the Second Shareholder Rights Directive, which has now entered into force.

Let me highlight a few of the new compensation system's key features and advantages.

First of all, I'd like to emphasize that target cash compensation will remain basically unchanged.

As a result of the income review, long-term compensation has been strengthened.

In the future, the stock awards granted to the Managing Board will be measured on the basis of total shareholder return relative to the MSCI World Industrials index.

To anchor our sustainability strategy even more firmly, the stock awards will now be oriented not only on capital market development but also on the achievement of sustainability targets – an achievement that will be measured on the basis of a Siemens sustainability index.

For fiscal 2020, this index includes three equally weighted factors: the reduction of Siemens' CO₂ emissions, employee training and customer satisfaction. As you can see, we're creating incentives for sustainable company management, and we're making the results measurable and transparent.

In the new system, the Supervisory Board will no longer have the option of adjusting the annual bonus upward or downward by up to 20 percent.

External experts have reviewed the new compensation system and judged it to be appropriate. It's a further important and logical step in our efforts to support our strategy and align our company with the interests of all our stakeholders.

Additional details are set out under item six of the Notice of Annual Shareholders' Meeting 2020.

Many of the changes are the result of shareholder suggestions – that is, your suggestions. I hope you'll support the new compensation system with your votes today.

In this connection, I'd like to thank Werner Wenning, the Chairman of the Compensation Committee, for his outstanding work.

I'd also like to sincerely thank Werner Brandt, the Chairman of the Audit Committee.

In addition, I'd like to thank Birgit Steinborn, the Deputy Chairwoman of the Supervisory Board, and all the Supervisory Board members – both the employee representatives and the shareholder representatives – for their excellent collaboration in fiscal 2019 – collaboration that was also characterized by a very high degree of trust.

With its focus on strategy, structure and leadership, the Supervisory Board has supported Siemens' reinvention and closely assisted, advised and monitored the Managing Board in its implementation of Vision 2020+.

As Supervisory Board Chairman, I have great respect for the Managing Board's willingness to initiate change, for the progress that's been made in the company's strategic development and for the operating successes that have been achieved at the same time.

For me, reinvention means carefully examining your own assumptions and asking tough questions – in particular, the question how your environment will change in the medium and long term.

Reinvention means making Siemens a pioneer for a sustainable, digital future.

And last but not least, reinvention also includes the will to implement difficult decisions – even if they might be criticized at the outset.

With Vision 2020+ and the planned carveout of Siemens Energy later this year, we're well prepared to successfully help shape the new era of sustainability and digitalization.

And I would also like to thank you, our shareholders, for your cooperation in fiscal 2019 as well as for your trust.

And with that, I'd like to turn the floor over to Mr. Kaeser, the President and CEO of Siemens AG.