

A.10 Compensation Report

This report is based on the recommendations of the German Corporate Governance Code ("Code") and the requirements of the German Commercial Code (*Handelsgesetzbuch*), German Accounting Standards (*Deutsche Rechnungslegungsstandards*) and International Financial Reporting Standards (IFRS). It also incorporates elements of the requirements that can be foreseen from the currently pending transposition of the European Shareholder Rights Directive into German law, on the basis of the regulations proposed in the German Act Implementing the Second Shareholder Rights Directive (ARUG II).

A.10.1. Compensation of Managing Board members

This report describes the compensation system for the Managing Board members as well as the compensation of the Supervisory Board of Siemens AG for fiscal 2019. It provides detailed and individualized explanations of the structure and amount of the

individual components of compensation paid to the members of these bodies.

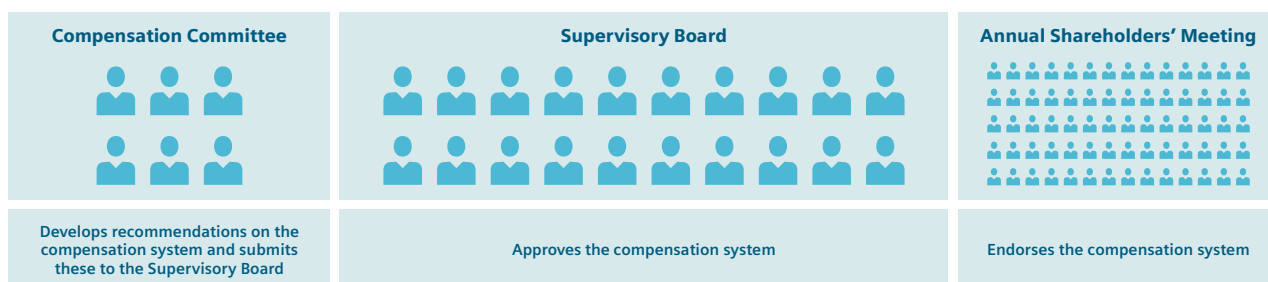
Chapter → 10.1.1 describes the system for remunerating Managing Board members in general. Chapter → 10.1.2 provides comprehensive information about the compensation granted and paid to the Managing Board in fiscal 2019, together with an outlook for fiscal 2020. Chapter → 10.2 describes Supervisory Board compensation.

A.10.1.1 COMPENSATION SYSTEM

Responsibilities and principles for establishing Managing Board compensation

The compensation system for Siemens' Managing Board is established by the Supervisory Board, based on a proposal by the Compensation Committee. After approval by the Supervisory Board, the compensation system is submitted to the Annual Shareholders' Meeting for endorsement ("say on pay").

Process for establishing the compensation system



The current system of Managing Board compensation was endorsed at the Annual Shareholders' Meeting on January 27, 2015, by a majority of about 93%.

Managing Board compensation is based on the following principles:

- **Focus on successful, sustainable management of the Company**
Managing Board members are expected to make a long-term commitment to and on behalf of the Company. As a result, they can benefit from any sustained increase in the Company's value. For this reason, a substantial portion of their total compensation is linked to the long-term performance of the Siemens share.

- **Compensation linked to performance**
The Company's size and economic position is also to be reflected in Managing Board compensation. Exceptional achievements are to be adequately rewarded, while falling short of targets results in an appreciable reduction in compensation.
- **Ensuring competitiveness**
In order to attract outstanding candidates for the Managing Board of Siemens AG and to retain them for the long term, compensation should be attractive compared to that offered by competitors.

On the basis of these principles, the Supervisory Board determines the structure, amount and weighting of the individual components of compensation. Regular review by the Supervisory Board ensures that the amount of compensation is appropriate. Several criteria are applied for this purpose:

Criteria for review of appropriateness of compensation



The review of appropriateness is generally based on a comparison with other German companies. The target compensation and the maximum compensation for the Managing Board are first compared to management compensation at the companies listed in the German blue-chip stock index, the DAX. To account for Siemens' international nature, size and complexity, the compensation paid to Managing Board members is also compared to management compensation at companies in the STOXX Europe 50 index. In addition, the Supervisory Board takes account of the evolution of Managing Board compensation in relation to the compensation paid to Siemens' workforce in Germany. In this vertical comparison, the Supervisory Board determines the ratio of Managing Board compensation to the compensation paid to Siemens' executive employees and the rest of the workforce and performs a market comparison with other DAX companies. For this purpose, the Supervisory Board has defined Siemens' executive employees as the employees in the Senior Management and Top Management contract groups.

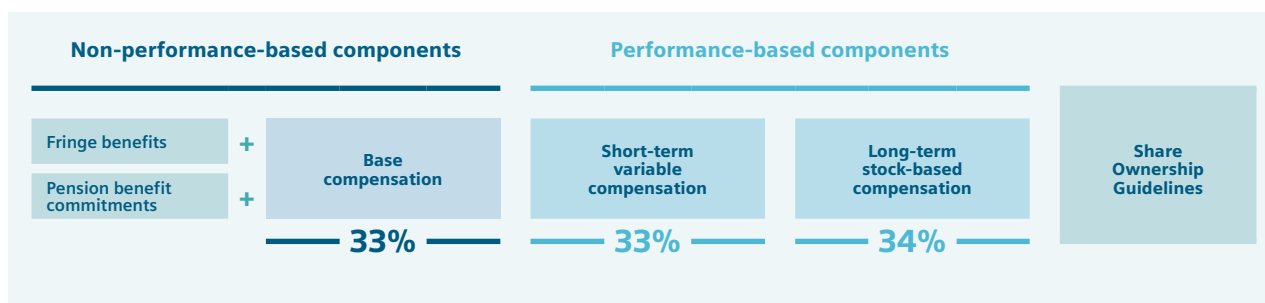
The rest of the workforce comprises both Siemens employees who are and those who are not covered by collective bargaining agreements.

Structure and components of Managing Board compensation

Managing Board compensation comprises both non-performance-based and performance-based elements and is divided into three main, equally weighted components: base compensation, short-term variable compensation and long-term stock-based compensation. Fringe benefits and pension commitments are also part of the compensation system.

The Share Ownership Guidelines, which are a further key component of the compensation system, obligate Managing Board members to continuously hold Siemens shares worth a defined multiple of their base compensation and to acquire additional shares if their holdings fall below the required figure.

Components of the Managing Board compensation system



Non-performance-based components

Non-performance-based compensation comprises base compensation as well as fringe benefits and pension benefit commitments.

Base compensation

Each member of the Managing Board receives base compensation for performing his or her Managing Board duties. This compensation is paid in 12 monthly installments.

Fringe benefits

Fringe benefits include the provision of non-monetary benefits and other perquisites, such as the provision of a company car, contributions toward the cost of insurance, reimbursement of expenses for legal and tax advice and accommodation and moving expenses, including a gross-up provided by the Company for any taxes due in this regard, as well as currency adjustment payments and costs relating to preventive medical examinations.

Pension benefit commitments

Like the employees of Siemens AG in Germany, the members of the Managing Board are included in the Siemens Defined Contribution Pension Plan (BSAV). Under the BSAV, Managing Board members receive contributions that are credited to their individual pension accounts. The level of these annual contributions is based on a predetermined percentage related to their base compensation and the target amount of their Bonuses. The Supervisory Board decides on this percentage annually (most recently 28%). In making its decision, the Supervisory Board takes account of the intended level of benefits for each individual and the length of time he or she has been a Managing Board member as well as the annual and long-term service cost to the Company resulting from those benefits.

Special pension contributions may also be granted to Managing Board members on the basis of individual decisions by the Supervisory Board. Such contributions may be intended, for example, to compensate for forfeited pension entitlements from a previous employer. To the extent that a member of the Managing Board earned a pension benefit entitlement from the Company before the BSAV was introduced, a portion of his or her contributions goes toward financing that prior commitment.

The following table summarizes further significant features of the BSAV for Managing Board members.

Entitlement	<ul style="list-style-type: none">➤ On request, on or after reaching the age of 62, for pension commitments made on or after January 1, 2012➤ On request, on or after reaching the age of 60, for pension commitments made before January 1, 2012
Non-forfeitability	<ul style="list-style-type: none">➤ As a rule, in accordance with the provisions of the German Company Pensions Act (<i>Betriebsrentengesetz</i>)
Disbursement	<ul style="list-style-type: none">➤ As a rule, in 12 yearly installments; other payment options, on request: a smaller number of installments, a lump sum payment or an annuitization with or without survivors' benefits as well as a combination of these options
Guaranteed interest	<ul style="list-style-type: none">➤ Annual guaranteed interest credited to pension accounts until benefits are first drawn (currently 0.90%)
Disability/death	<ul style="list-style-type: none">➤ The risk that benefits may have to be drawn before the age of 60 due to disability or death is mitigated by crediting contributions from the age at the time benefits are first drawn until the covered individual reaches or would have reached the age of 60.

Due to Lisa Davis's tax status in the U.S., some of the details of her pension benefit commitment – particularly, those regarding funding – differ from the standard provisions.

Like other eligible employees of Siemens AG, Managing Board members who were employed by the Company before September 30, 1983, are entitled to receive transition payments for the first six months after retirement. These payments are equal to the difference between their final base compensation and the retirement benefits payable under the corporate pension plan.

Performance-based components

In keeping with the abovementioned principles, Managing Board compensation is to be coupled with business performance and with sustainable management of the Company. To take due account of both factors, the performance-based component of Managing Board compensation comprises both a short-term and a long-term element: a short-term variable component (Bonus) and a long-term stock-based component (Siemens Stock Awards). The final amount of these two components depends on the extent to which defined targets are attained. If these targets are not attained, the performance-based components may be reduced to zero. If, however, the targets are significantly exceeded, target attainment is subject to a ceiling or "cap."

Short-term variable compensation (Bonus)

The target amount for the short-term variable component of compensation (Bonus) – that is, the amount paid for 100% target attainment – is currently equal to the amount of a Managing Board member’s base compensation. The payout amount of the Bonus depends on the Company’s business performance during the past fiscal year, as measured in terms of the attainment of three equally weighted target parameters.

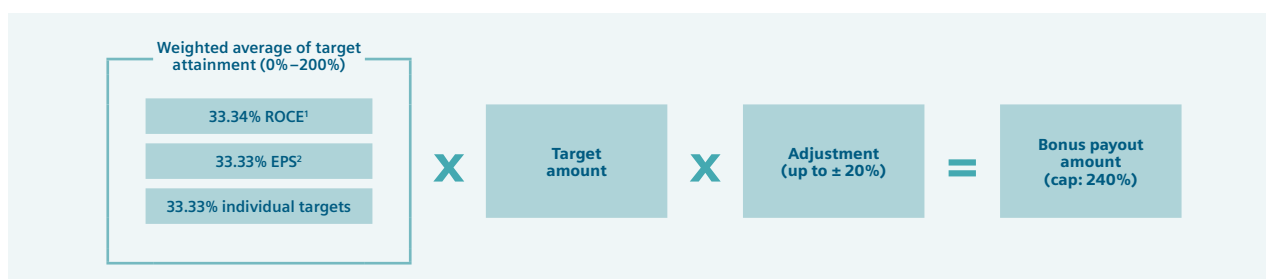
Two of these target parameters are financial parameters that reflect the Company’s capital efficiency, measured in terms of return on capital employed (ROCE), and profit, measured in terms of earnings per share (EPS). These parameters constitute operational steering parameters based on the Company’s strategic focus and are included in external financial reporting, see Chapter

→ **A.2 FINANCIAL PERFORMANCE SYSTEM.**

Based on a proposal by the Compensation Committee, the Supervisory Board also sets a minimum of two and a maximum of five individual, qualitative targets for each member of the Managing Board.

The range of target attainment for these target parameters is 0% to 200% (cap). The Supervisory Board may also adjust the Bonus payout amount upward or downward by as much as 20%, so that the maximum payout for the Bonus is 240% of the target amount. The decision on an adjustment may take account not only of the Company’s economic situation but also of such factors as the results of employee or customer satisfaction surveys as well as the Managing Board members’ individual achievements.

Determination of Bonus payout amount



¹ Return on capital employed

² Earnings per share

The Supervisory Board can review and, if appropriate, reduce Bonus payout amounts in the event of a breach of duty or a violation of compliance regulations (clawback).

Long-term stock-based compensation (Siemens Stock Awards)

The Managing Board is expected to make a long-term commitment to and on behalf of the Company. For this reason, a substantial portion of each member’s total compensation is tied to the long-term performance of the Siemens share.

At the start of each fiscal year, Siemens grants “Stock Awards” as long-term stock-based compensation. Each Stock Award represents the right to one share of Siemens stock. Stock Awards are settled by the transfer of shares at the end of a defined vesting period of about four years. Subject to target attainment, Managing Board members receive one Siemens share per Stock Award.

Granting of Stock Awards

The annual target amount for a grant of Stock Awards, on the basis of 100% target attainment, is contractually agreed upon with each individual Managing Board member.

The number of Stock Awards actually granted to a Managing Board member at the beginning of a fiscal year is determined by extrapolating the target amount to 200% target attainment (“maximum grant value”). This maximum grant value is then converted to a maximum number of Stock Awards by dividing it by the grant price. These awards are then granted to the Managing Board member. A roughly four-year vesting period begins on the grant date. The grant price is defined as the closing price of the Siemens share in Xetra trading on the grant date, less the discounted estimated dividends during the roughly four-year vesting period.

Since fiscal 2015, the Supervisory Board has had the option of increasing the target amount for each Managing Board member, on an individual basis, by as much as 75% for one fiscal year at a time. This option is intended to take account of each Managing Board member's individual accomplishments and experience as well as the scope and demands of his or her function.

Performance criterion

The number of shares that are actually transferred after the vesting period ends depends on one performance criterion: the performance of the Siemens share compared to the performance of the shares of relevant competitors. Following an initial 12-month "reference" period, stock performance is measured over a subsequent 36-month "performance" period.

More specifically, a starting price, the "reference" price, is first determined for each competitor during the reference period, which is the first 12 months of the vesting period. The 12 end-of-month prices are averaged for Siemens and for each competitor.

During the subsequent three-year performance period, an average price is again calculated from the 36 end-of-month prices for Siemens and each competitor; this is the "performance" price.

Determination of target attainment

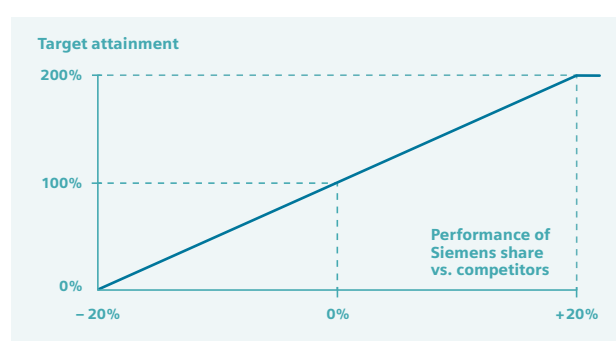
At the end of the vesting period, the Supervisory Board determines the extent to which the performance of the Siemens share price has surpassed or lagged behind that of the share prices of relevant competitors. It then derives target attainment for the relevant Stock Awards tranche on this basis. For this purpose, the reference prices for Siemens and for each competitor are compared to the respective performance prices, and a relative deviation is calculated for each company. In a further step, these deviations are averaged for all competitors. To determine target attainment, the average relative change in the competitors' share prices is then compared to the relative change in the Siemens share price, and the difference is calculated.

Target attainment may vary between 0% and 200% (cap).

- If, during the vesting period, the Siemens share performs ≥ 20 percentage points better than the share price of the relevant competitors, target attainment is 200%.
- If, during the vesting period, the Siemens share performs the same as the share price of the relevant competitors, target attainment is 100%.
- If, during the vesting period, the Siemens share performs ≥ 20 percentage points worse than the share price of the relevant competitors, target attainment is 0%.

If the Siemens share performs somewhere between the percentage points cited above, target attainment is determined by a linear interpolation.

Linear curve for determining Stock Award target attainment

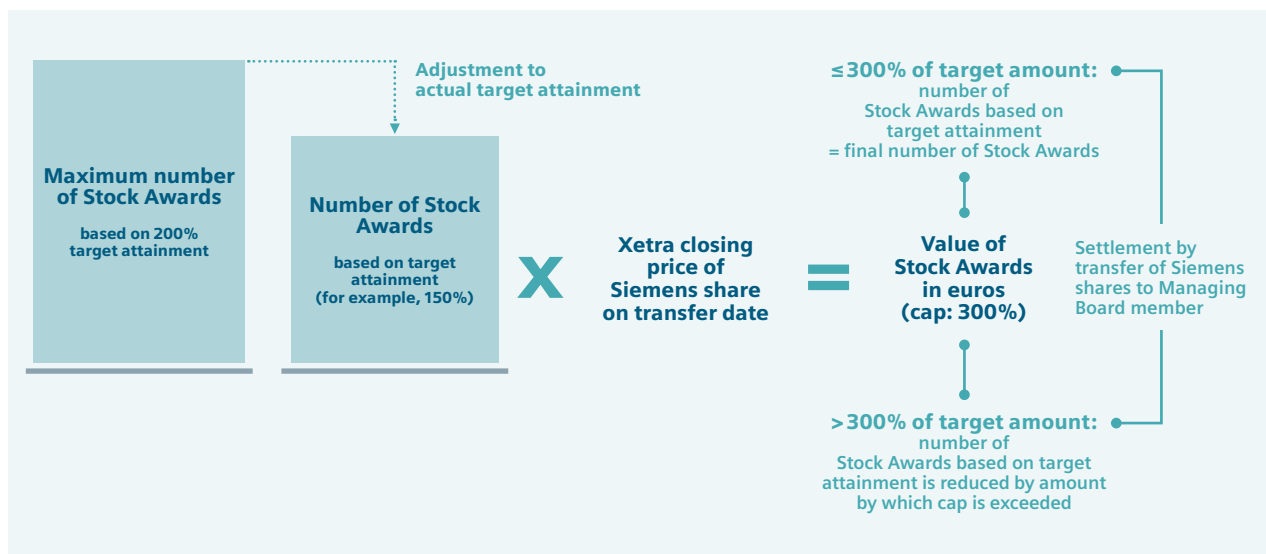


Target attainment is used to determine whether, and to what extent, the maximum number of Stock Awards is to be reduced. For a target attainment of less than 200%, a number of Siemens Stock Awards equivalent to the shortfall are forfeited without refund or replacement.

In addition, the total value (in euros) of the Siemens shares to be transferred is capped at 300% of the relevant target amount. If this cap is exceeded, a corresponding number of Stock Awards are forfeited without refund or replacement.

The remaining Stock Awards are settled by the transfer of Siemens shares to the relevant Managing Board member.

Calculation of the number of Siemens shares



Further provisions for long-term stock-based compensation

If the relevant competitors undergo significant changes during the period under consideration, the Supervisory Board may take these changes into account when compiling the comparison values for those competitors and/or calculating their relevant share prices. In the event of extraordinary, unforeseen developments that impact the Siemens share price, the Supervisory Board may decide to reduce the number of granted Stock Awards retroactively or to pay cash compensation for a defined, limited amount in lieu of a transfer of Siemens shares or to postpone the transfer of Siemens shares for payable Stock Awards until the developments have ceased to impact the share price.

If a Managing Board member violates compliance regulations, the Supervisory Board is entitled, at its duty-bound discretion, to revoke without refund or replacement some or all of his or her Siemens Stock Awards, depending on the gravity of the compliance violation (clawback).

If a Managing Board member's employment contract begins during a fiscal year, an equivalent number of Siemens Phantom Stock Awards will be granted instead of Stock Awards, and only a cash equivalent will be paid at the end of the vesting period. Apart from this exception, the same provisions agreed upon for Stock Awards will apply.

With regard to the further terms of the Stock Awards, the same principles apply in general to the Managing Board and to senior managers. These principles are explained in → [NOTE 26](#) in [B.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS](#).

Maximum amount of total compensation

In addition to the caps for the Bonus and the Siemens Stock Awards, a maximum amount of total compensation has been agreed upon. This maximum amount is 1.7 times target compensation – which comprises base compensation, the target amount for the Bonus and the target amount for long-term stock-based compensation – plus the maximum expected value of fringe benefits and pension benefit commitments. This latter value corresponds to the fringe benefits and pension benefit commitments from the previous fiscal year multiplied by a factor of 2.0.

If compensation exceeds this maximum, a number of Siemens Stock Awards equivalent in value to the amount by which the maximum was exceeded will be forfeited without refund or replacement.

Share Ownership Guidelines

The Siemens Share Ownership Guidelines are an integral part of the compensation system for the Managing Board and senior executives. These guidelines oblige the Managing Board members – after a four-year build-up phase – to continuously hold Siemens shares worth a multiple of their base compensation – 300% for the President and CEO, 200% for the other members of the Managing Board – throughout their terms of office. The decisive figure in this context is the average base compensation that a member of the Managing Board has received over the four years before the applicable date of proof of adherence. Hence, changes that have been made to base compensation in the meantime are included.

Adherence to these guidelines must be proven for the first time after the four-year build-up phase and thereafter annually. If the value of a Managing Board member's accrued holdings falls below the required minimum due to fluctuations in Siemens' share price, he or she must acquire additional shares.

Secondary activities of Managing Board members

Members of the Managing Board may take on secondary activities – for example, supervisory board positions outside the Company – only with the approval of the Chairman's Committee of the Supervisory Board.

If a Managing Board member holds a position in another Siemens company, no separate compensation is paid since holding such positions is considered to be covered by contractual Managing Board compensation. As a rule, Managing Board members are obligated to waive any compensation that may be due to them in connection with such positions. Should a waiver not be possible, for example, owing to the legal or tax regulations applicable to a Siemens company, the compensation paid to a Managing Board member in connection with such a position will be deducted from the compensation due to him or her in connection with his or her Managing Board activities.

Memberships on supervisory boards whose establishment is required by law or on comparable domestic or foreign controlling bodies of business enterprises are listed in Chapter → **C.4.1 MANAGEMENT AND CONTROL STRUCTURE** in **C.4 CORPORATE GOVERNANCE**.

Commitments in connection with the termination of Managing Board membership

The compensation system also governs the amount of compensation paid to a Managing Board member when membership on the Managing Board is terminated early.

When a member leaves office, his or her short-term variable compensation (Bonus) is calculated on a pro rata basis after the end of the fiscal year and is granted on the regular payout date.

If an employment contract is terminated, Stock Awards are governed by the following rules:

- Stock Awards for which the vesting period has not yet ended will be forfeited without refund or replacement if the employment contract is not renewed at the end of a term of office at the Managing Board member's request or if there is serious cause that entitles the Company to revoke the member's appointment or terminate his or her employment contract.
- Stock Awards will not be forfeited, however, if the employment contract is terminated by mutual agreement at the Company's request or in the event of retirement, disability or death or in connection with a spin-off, a transfer to a different company or a change of activity within the Group. Likewise, Stock Awards will not be forfeited if the Managing Board member terminates his or her employment contract for good cause in connection with a change of control at the Company.
- Stock Awards granted at the beginning of the fiscal year in which the Managing Board member leaves office will be calculated and reduced on a pro rata basis.
- When a Managing Board member leaves the Company, any existing Stock Awards will only be transferred at their due date.

The following rules also apply when a Managing Board member leaves office and vary depending on the reason for contract termination:

1. Termination due to regular expiration of the term of office

No severance payments or special BSAV contributions are made.

2. Termination by mutual agreement

In the event of an early termination of membership on the Managing Board by mutual agreement and without serious cause, Managing Board members' employment contracts provide for a severance payment:

Basis for calculation	<ul style="list-style-type: none"> › Base compensation plus Bonus(es) actually received in the last fiscal year prior to the end of employment, and granted long-term stock-based compensation (annual compensation)
Limit (severance cap)	<ul style="list-style-type: none"> › Not more than two years' annual compensation and not more than the member would receive for the remaining term of his or her employment contract
Payment	<ul style="list-style-type: none"> › In the month of departure
Special BSAV contribution; one-time	<ul style="list-style-type: none"> › Based on the BSAV contribution that the Managing Board member received in the prior year and on the remaining term of his or her appointment › Limited to not more than the contributions for two years (cap)
Increase/discount	<ul style="list-style-type: none"> › Severance payment will be reduced by 10% if the term of office still has more than six months to run (a lump sum allowance for discounting and for amounts earned elsewhere). › Reduction affects only the portion of the severance payment calculated excluding the first six months of the remaining term of office. › Non-monetary benefits are compensated for by a payment of 5% of the severance amount.

3. Early termination by mutual agreement at the request of the Managing Board member or if there is serious cause that entitles the Company to terminate the appointment

No severance payments or special BSAV contributions are made.

4. Change of control

In the event of a change of control that results in a substantial change in a Managing Board member's position, the Managing Board member has the right to terminate his or her employment contract with the Company. A change of control exists if one shareholder or multiple shareholders acting in concert acquire a majority of the voting rights in Siemens AG and exercise a controlling influence or if Siemens AG becomes a dependent enterprise as a result of entering into an intercompany agreement within the meaning of Section 291 of the German Stock Corporation Act (*Aktiengesetz*) or if Siemens AG is to be merged into another entity. There is no right of termination if the change of control takes place within 12 months before the member retires. If this right of termination is exercised, the Managing Board member is entitled to a severance payment for the remainder of his or her term of office:

Basis for calculation	<ul style="list-style-type: none"> › Base compensation plus the target amount for the Bonus and the Stock Awards, each based on the last fiscal year before the end of employment (annual compensation)
Limit (severance cap)	<ul style="list-style-type: none"> › Two years' annual compensation
Payment	<ul style="list-style-type: none"> › In the month of departure › Benefits are forfeited if the Managing Board member receives benefits from third parties due to or in connection with a change of control.
Increase/discount	<ul style="list-style-type: none"> › 10% reduction and 5% increase, as in the terms for termination of membership by mutual agreement (see Item 2 "Termination by mutual agreement")

The compensation system at a glance

The following chart provides an overview of the individual components of the compensation system:

The compensation system for Managing Board members at a glance

		Percentage of target compensation ¹	Structure of compensation components	Cap in % ²	Other components of compensation/contract terms
Fixed	Cash	33% Base compensation	Fixed compensation	100%	Fringe benefits Pension benefit commitments Share Ownership Guidelines
		33% Short-term variable compensation (Bonus)	33.34% Capital efficiency (ROCE) 33.33% Profit (EPS) 33.33% Individual targets up to ± 20% adjustment	240%	Extra-ordinary developments Claw-back
Variable	Stock Awards	34% Long-term stock-based compensation (Siemens Stock Awards)	Performance of Siemens share price compared to relevant competitors up to +75% adjustment of target amount	300%	
		100%		170% ¹	Severance cap

¹ Excluding fringe benefits and pension benefit commitments

² Basis: target amount (based on 100% target attainment)

A.10.1.2 MANAGING BOARD COMPENSATION FOR FISCAL 2019

The following section provides detailed information and background regarding total Managing Board compensation and individualized disclosures regarding the compensation of each Managing Board member for fiscal 2019.

Total compensation

In accordance with the applicable accounting principles, Managing Board compensation for fiscal 2019 totaled €33.04 million. This amount was 4.2% more than the year before (2018: €31.72 million). Of the total for fiscal 2019, €21.97 million (2018: €21.93 million) was attributable to cash compensation and €11.07 million (2018: €9.79 million) to stock-based compensation.

For fiscal 2019, each Managing Board member's base compensation and the target amount for his or her Bonus and Stock Awards underwent a regular adjustment of +2.0%. This increase was oriented in part on adjustments made to the compensation of other employee groups within Siemens.

Base compensation

Since October 1, 2018, base compensation has been as follows:

- €2,205,000 per year for President and CEO Joe Kaeser
- €1,101,600 per year for the other Managing Board members.

Fringe benefits

Managing Board members were granted fringe benefits for fiscal 2019. Depending on the Managing Board member, these benefits totaled between €16,732 and €751,054.

Pension benefit commitments

For fiscal 2019, Managing Board members were granted contributions under the BSAV totaling €5.6 million (2018: €5.4 million), based on a Supervisory Board decision from November 7, 2019. Of this amount, €0.02 million (2018: €0.03 million) relates to the funding of pension commitments earned prior to the transfer to the BSAV.

The expense recognized in fiscal 2019 as a service cost under IFRS for Managing Board members' entitlements under the BSAV in fiscal 2019 totaled €5.4 million (2018: €5.3 million).

Contributions under the BSAV are added to the individual pension accounts in the January following each fiscal year. Until pension payments begin, members' pension accounts are credited with an annual interest payment (guaranteed interest) on January 1 of each year. The interest rate is currently 0.90%.

The following table shows the individualized contributions (allocations) under the BSAV for fiscal 2019 as well as the defined benefit obligations for pension commitments:

(in €)	Total contributions for		Defined benefit obligation for all pension commitments excluding deferred compensation ¹	
	2019	2018	2019	2018
Managing Board members in office as of September 30, 2019				
Joe Kaeser	1,234,800	1,210,440	14,299,267	12,970,960
Dr. Roland Busch	616,896	604,800	6,071,233	5,121,226
Lisa Davis ²	616,896	604,800	5,701,811	5,322,537
Klaus Helmrich	616,896	604,800	6,473,904	5,714,522
Janina Kugel	616,896	604,800	2,674,432	2,157,427
Cedrik Neike	616,896	604,800	2,349,895	1,757,258
Michael Sen	616,896	604,800	1,862,660	1,239,785
Prof. Dr. Ralf P. Thomas	616,896	604,800	6,184,498	5,235,121
Total	5,553,072	5,444,040	45,617,700	39,518,836

¹ Deferred compensation totals €4,125,612 (2018: €4,115,237), including €3,703,123 for Joe Kaeser (2018: €3,694,439), €361,494 for Klaus Helmrich (2018: €362,606) and €60,995 for Prof. Dr. Ralf P. Thomas (2018: €58,192).

² In accordance with the provisions of the BSAV, benefits to be paid to Lisa Davis are not in any way secured or funded through the trust associated with the Company's BSAV plan or with any other trust. They represent only an unsecured, unfunded legal obligation on the part of the Company to

pay such benefits in the future under certain conditions, and the payout will only be made from the Company's general assets.

In fiscal 2019, former members of the Managing Board and their surviving dependents received emoluments within the meaning of Section 314 para. 1 No. 6b of the German Commercial Code totaling €21.09 million (2018: €39.9 million).

The defined benefit obligation (DBO) of all pension commitments to former members of the Managing Board and their surviving dependents as of September 30, 2019, amounted to €175.7 million (2018: €168.2 million). This figure is included in

→ NOTE 17 in B.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Short-term variable compensation (Bonus)

Since October 1, 2018, the Bonus target amounts have been as follows:

- €2,205,000 per year for President and CEO Joe Kaeser
- €1,101,600 per year for the other Managing Board members.

Target parameter “capital efficiency”

The target setting and target attainment for fiscal 2019 for the target parameter “capital efficiency,” which is measured in terms of return on capital employed (ROCE), were as follows:

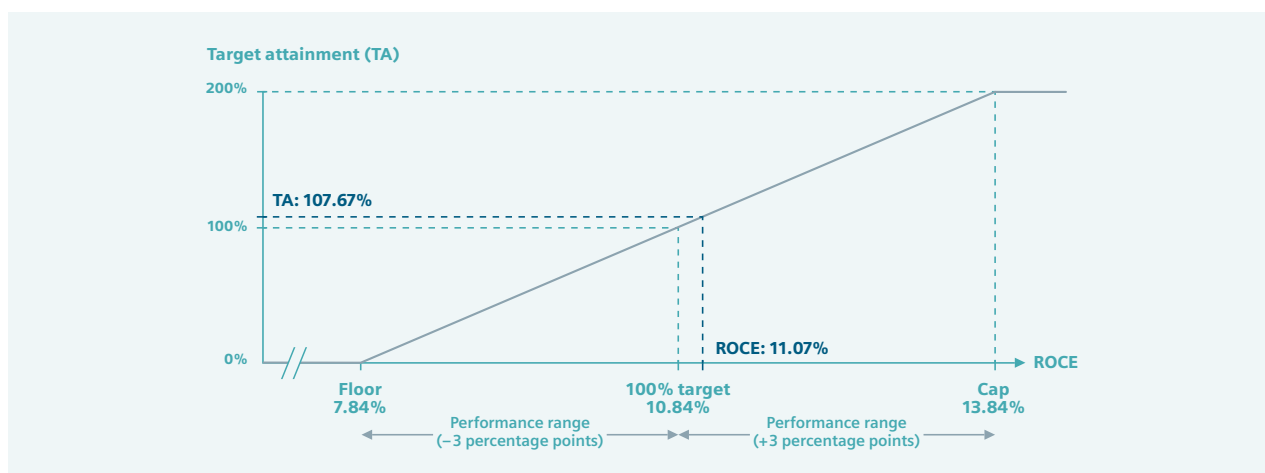
100% target, floor and cap

For fiscal 2019, the ROCE value that would result in 100% target attainment (ROCE target value) was set by the Supervisory Board at 10.84%. The ROCE values that would result in 0% target attainment and 200% target attainment were set for fiscal 2019 at 7.84% and 13.84%, respectively.

Determination of target attainment

ROCE for fiscal 2019 amounted to 11.07%, resulting in target attainment of 107.67%.

Determining target attainment for ROCE



Target parameter “profit”

The target setting and target attainment for fiscal 2019 for the target parameter “profit,” measured in terms of earnings per share (EPS), were as follows:

100% target, floor and cap

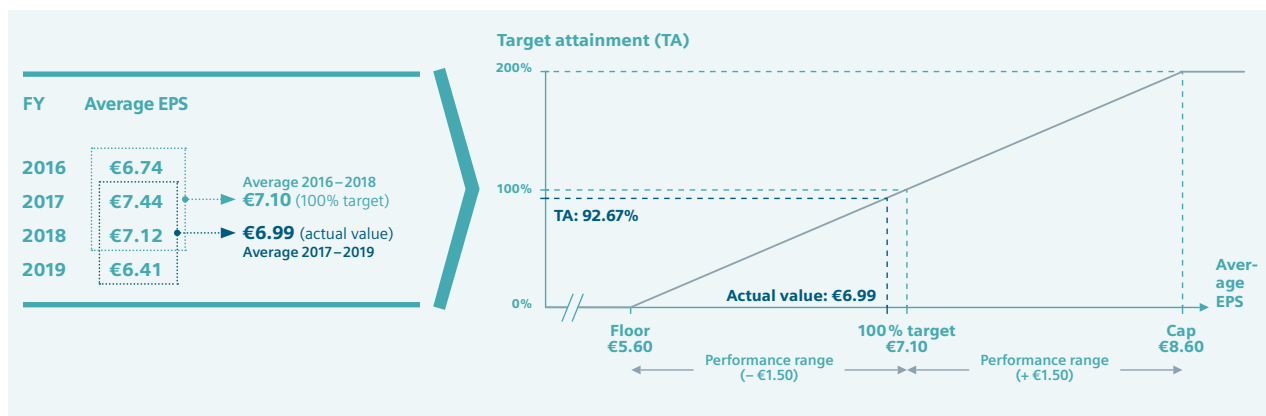
The EPS value that would result in target attainment of 100% (EPS target value) corresponds to the average of the EPS values for the prior three fiscal years (2016, 2017 and 2018) and amounted to €7.10. The EPS values for target attainment of 0% and 200% were set for fiscal 2019 as follows: an EPS of €5.60

would yield target attainment of 0%, and an EPS of €8.60 would yield target attainment of 200%.

Determination of target attainment

To determine EPS target attainment for fiscal 2019, the EPS target of €7.10 – which is the average of the EPS values for 2016, 2017 and 2018 – was compared to the average of the EPS values for fiscal 2017, 2018 and 2019, which amounted to €6.99. This comparison yielded target attainment of 92.67% for the financial target EPS. The two averages take account of the Company’s long-term performance and provide incentives for a sustainable increase in profit.

Determining target attainment for EPS



The target setting and target attainment for the Bonus target parameters for fiscal 2019 are summarized in the following table.

Target attainment for short-term variable compensation (Bonus)

Target parameter	Target value (based on 100% target attainment)	Actual value	Target attainment	Total target attainment
33.34% Return on capital employed (ROCE) ¹	10.84%	11.07%	107.67%	
33.33% Earnings per share (EPS), ^{1,2} basic	€7.10	€6.99	92.67%	
33.33% Individual targets			110% – 140%	

Focus topics 2019:

- > Implementation of "Vision 2020+"
- > Market coverage
- > Business performance
- > Optimization/efficiency enhancement

Joe Kaeser	113%
Dr. Roland Busch	107%
Lisa Davis	103%
Klaus Helmrich	110%
Janina Kugel	103%
Cedrik Neike	110%
Michael Sen	107%
Prof. Dr. Ralf P. Thomas	113%

¹ Continuing and discontinued operations

² The target value equals the average EPS value for fiscal 2016, 2017 and 2018. The actual value results from the average EPS values for fiscal 2017, 2018 and 2019.

In fiscal 2019, the Supervisory Board did not exercise its option to adjust target attainment upward or downward by up to 20%.

Long-term stock-based compensation (Siemens Stock Awards)

Information about the grant of the 2019 tranche

Since October 1, 2018, the target amounts for long-term stock-based compensation have been as follows:

- €2,278,000 per year for President and CEO Joe Kaeser
- €1,140,000 per year for the other Managing Board members.

In fiscal 2019, the Supervisory Board exercised its option to increase the target amount for the Stock Awards on an individual basis by

as much as 75%. The target amounts for Michael Sen and Prof. Dr. Ralf P. Thomas for fiscal 2019 were increased by 25% on a one-time basis in recognition of their individual accomplishments and experience as well as the scope and demands of their functions, including appointments to positions at Siemens companies that are not entailed by the Managing Board responsibilities directly assigned to them.

The grant price applicable for the 2019 tranche was €85.03. The Supervisory Board set the grant date at November 9, 2018. The target amounts, the maximum grant values and the maximum number of Stock Awards granted to each Managing Board member were, accordingly, as follows:

Information on grant of the 2019 Stock Awards tranche			
	Target amount (based on 100% target attainment)	Maximum grant value (based on 200% target attainment)	Maximum number of Stock Awards (based on 200% target attainment)
Joe Kaeser	€2,278,000	€4,556,000	53,582
Dr. Roland Busch	€1,140,000	€2,280,000	26,815
Lisa Davis	€1,140,000	€2,280,000	26,815
Klaus Helmrich	€1,140,000	€2,280,000	26,815
Janina Kugel	€1,140,000	€2,280,000	26,815
Cedrik Neike	€1,140,000	€2,280,000	26,815
Michael Sen	€1,425,000	€2,850,000	33,518
Prof. Dr. Ralf P. Thomas	€1,425,000	€2,850,000	33,518

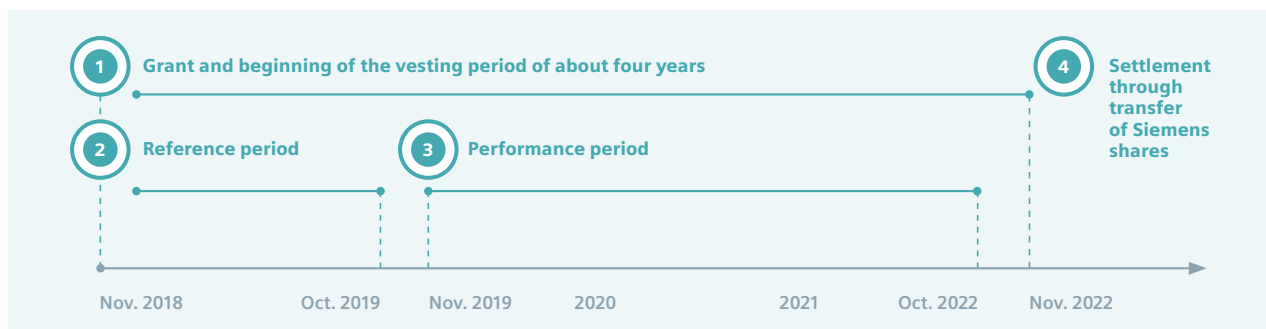
For the 2019 tranche, the Supervisory Board decided to use the stock listings of the following competitors for its comparison of share performance:

- ABB Ltd. (Swiss Exchange, Zürich)
- Eaton Corporation plc. (New York Stock Exchange)

- General Electric Co. (New York Stock Exchange)
- Mitsubishi Heavy Industries Ltd. (Tokyo Stock Exchange)
- Schneider Electric S.A. (Euronext, Paris).

This list of competitors is unchanged from fiscal 2018.

Timetable for the 2019 Stock Awards tranche



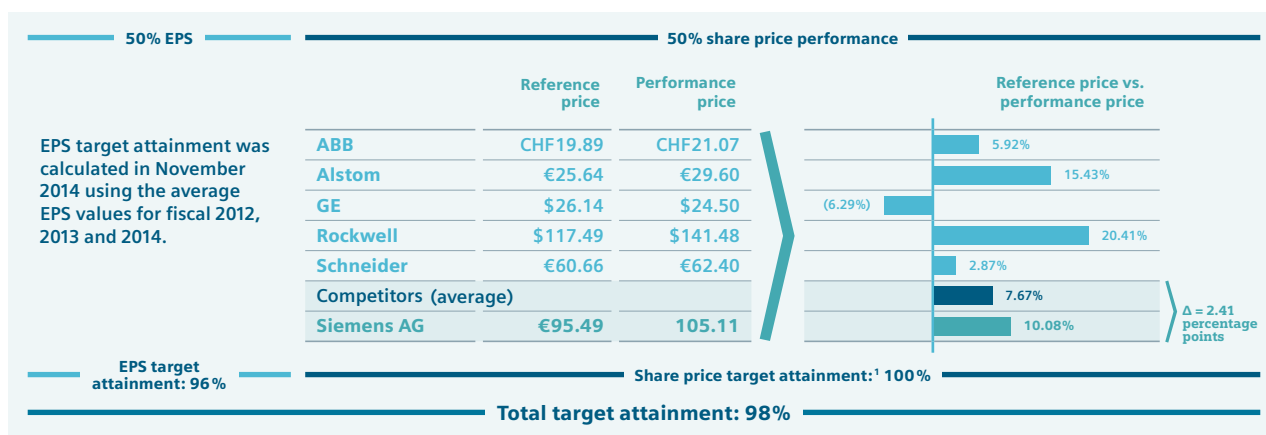
Information about the transfer of the 2014 and 2015 tranches

In past years, Managing Board members received Siemens Stock Awards for every fiscal year. Starting with the 2015 tranche, the plan duration of Siemens Stock Awards was reduced to four years, in alignment with prevailing market practices. This reduction resulted in a one-time transfer of two tranches – the 2014 and the 2015 tranches – in November 2018. The increase in paid compensation in fiscal 2019 is primarily attributable to this transfer.

Determination of target attainment for the 2014 tranche

Up to and including the 2014 tranche, the grant of one-half of the Siemens Stock Awards was linked to basic (undiluted) earnings per share (EPS). In November 2014, 50% of the Stock Awards' target amount was adjusted in accordance with the attainment of the EPS target and thereafter converted into a corresponding number of Stock Awards. The remaining 50% of the target amount depended on the performance of the Siemens share compared to the share performance of relevant competitors during the roughly four-year vesting period, which lasted from November 2014 through October 2018.

Target attainment for the 2014 Siemens Stock Awards tranche



¹ Up to and including the 2014 tranche of the Siemens Stock Awards, the following target attainment curve applied: a deviation (Δ) of +/- 7.5 percentage points yielded target attainment of 100%.

The following table provides a summary of the key parameters of the 2014 Siemens Stock Awards tranche, which was settled in cash:

Overview of the 2014 Siemens Stock Awards tranche										
	Target amount (based on 100% target attainment)	EPS SPP ¹	Target attainment: EPS	Target amount per component	Grant price November 7, 2014	Number of SSA ² granted	Target attainment: SPP ¹	Final number of SSA ²	Xetra closing price November 12, 2018	Cash payment (in €)
Managing Board members in office as of September 30, 2019										
Joe Kaeser	€1,900,000	x 50%	96% →	€912,000 / €950,000	€72.30	= 12,615 / 13,140	→ 100%	12,615 / 13,140	x €100.16	= €1,263,518 / €1,316,102
Dr. Roland Busch	€1,000,000	x 50%	96% →	€480,000 / €500,000	€72.30	= 6,639 / 6,916	→ 100%	6,639 / 6,916	x €100.16	= €664,962 / €692,707
Lisa Davis ³	€1,814,035	x 50%	96% →	€870,737 / €907,018	€72.30	= 12,044 / 12,546	→ 100%	12,044 / 12,546	x €100.16	= €1,206,327 / €1,256,607
Klaus Helmrich	€1,000,000	x 50%	96% →	€480,000 / €500,000	€72.30	= 6,639 / 6,916	→ 100%	6,639 / 6,916	x €100.16	= €664,962 / €692,707
Prof. Dr. Ralf P. Thomas	€1,000,000	x 50%	96% →	€480,000 / €500,000	€72.30	= 6,639 / 6,916	→ 100%	6,639 / 6,916	x €100.16	= €664,962 / €692,707

¹ SPP: share price performance

² SSA: Siemens Stock Awards

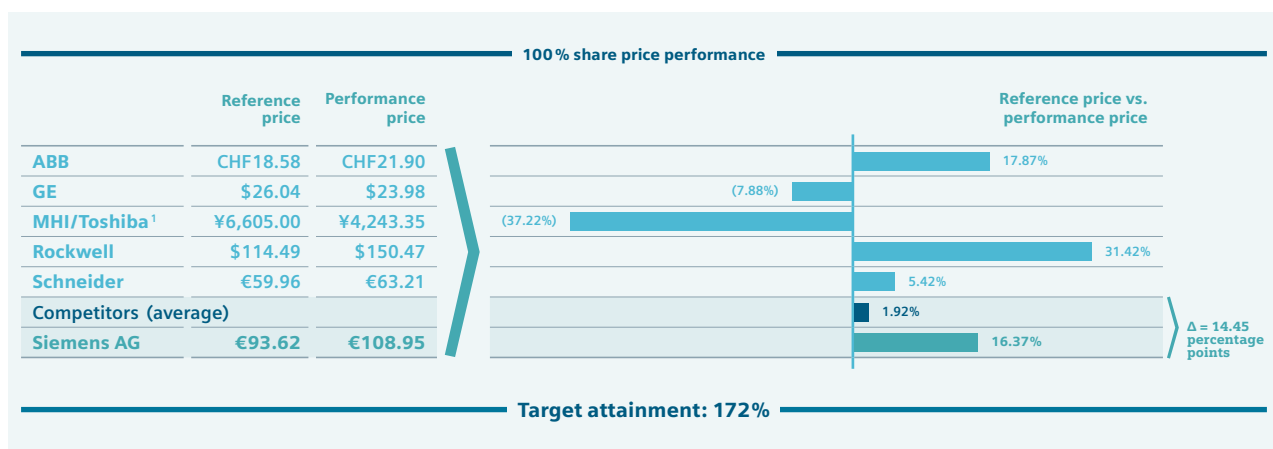
³ The target amount disclosed for Lisa Davis (at 100% target attainment) comprises an amount that was granted to her to compensate for the forfeiture of entitlements granted

by her previous employer (€1,647,368.73) as well as a pro-rata grant of Siemens Stock Awards for fiscal 2014 (€166,666.67) in accordance with her employment contract.

Determination of target attainment for the 2015 tranche

Starting with the 2015 tranche, the Siemens Stock Awards were subject to only one performance criterion – the performance of the Siemens share compared to the share performance of relevant competitors during the roughly four-year vesting period, which lasted from November 2014 through October 2018.

Target attainment for the 2015 Siemens Stock Awards tranche



¹ The reported relative deviation of (37.22%) also takes into account Toshiba's performance, which is factored into the reported deviation on a weighted basis for 19 months.

Toshiba's reference price was ¥4,382.08, and its performance price was ¥2,694.00, yielding a relative deviation of (38.52%). MHI's relative deviation was (35.76%), with a weighting of 17 months.

The following table provides a summary of the key parameters of the 2015 Siemens Stock Awards tranche, which was settled in cash:

Overview of the 2015 Siemens Stock Awards tranche											
	Target amount		Grant price		Number of SSA ¹		Target attainment: share price performance		Final number of SSA ¹	Xetra closing price	Cash payment
	(based on 100% target attainment)		November 7, 2014							November 12, 2018	(in €)
Managing Board members in office as of September 30, 2019											
Joe Kaeser	€1,950,000	/	€72.30	=	26,971	x	172%	=	46,391	€100.16	€4,646,523
Dr. Roland Busch	€1,040,000	/	€72.30	=	14,385	x	172%	=	24,743	€100.16	€2,478,259
Lisa Davis	€1,040,000	/	€72.30	=	14,385	x	172%	=	24,743	€100.16	€2,478,259
Klaus Helmrich	€1,040,000	/	€72.30	=	14,385	x	172%	=	24,743	€100.16	€2,478,259
Janina Kugel ²	€693,333	/	€72.30	=	9,590	x	172%	=	16,495	€100.16	€1,652,139
Prof. Dr. Ralf P. Thomas	€1,040,000	/	€72.30	=	14,385	x	172%	=	24,743	€100.16	€2,478,259

¹ SSA: Siemens Stock Awards

² Janina Kugel was appointed to the Managing Board effective February 1, 2015. In addition to the Siemens Phantom Stock Awards granted upon her appointment for a portion of

fiscal 2015 (see table), Siemens Stock Awards in the amount of €51,300 were granted to her from the 2015 tranche for her position as a member of Top Management.

Information about current target attainment for the 2016 to 2019 tranches

As of October 2019, target attainment for the 2016 to 2019 tranches of the Siemens Stock Awards was as follows:

Target attainment for the 2016 to 2019 Stock Awards tranches (as of October 2019)				
Tranche	Vesting period	Reference period	Performance period	Target attainment
2016	Nov. 2015 – Nov. 2019	Nov. 2015 – Oct. 2016	Nov. 2016 – Oct. 2019	131%
2017	Nov. 2016 – Nov. 2020	Nov. 2016 – Oct. 2017	Nov. 2017 – Oct. 2020	95%
2018	Nov. 2017 – Nov. 2021	Nov. 2017 – Oct. 2018	Nov. 2018 – Oct. 2021	83%
2019	Nov. 2018 – Nov. 2022	Nov. 2018 – Oct. 2019	Nov. 2019 – Oct. 2022	–

Share Ownership Guidelines

The deadlines by which the individual Managing Board members must first verify compliance with the Siemens Share Ownership Guidelines vary from member to member, depending on when they were appointed to the Managing Board. For Managing Board

members in office as of September 30, 2019, the following table shows the number of Siemens shares each held as of the March 2019 deadline for verifying compliance with the Share Ownership Guidelines. It also shows the number of shares to be held throughout their terms of office with a view toward future deadlines.

	Required			Verified		
	Percentage of base compensation ¹	Value ¹ in €	Number of shares ²	Percentage of base compensation ¹	Value ² in €	Number of shares ³
Managing Board members in office as of September 30, 2019, and required to verify compliance as of March 8, 2019						
Joe Kaeser	300%	6,254,813	61,672	340%	7,092,605	69,933
Dr. Roland Busch	200%	2,118,100	20,884	217%	2,298,583	22,664
Lisa Davis	200%	2,118,100	20,884	251%	2,658,421	26,212
Klaus Helmrich	200%	2,118,100	20,884	214%	2,261,767	22,301
Janina Kugel	200%	2,043,275	20,147	227%	2,315,317	22,829
Prof. Dr. Ralf P. Thomas	200%	2,118,100	20,884	203%	2,154,262	21,241
Total		16,770,488	165,355		18,780,956	185,180

¹ The amount of the obligation is based on the average base compensation for the four years prior to the respective dates of verification.

² Based on the average Xetra opening price of €101.42 for the fourth quarter of 2018 (October – December)

³ As of March 8, 2019 (date of verification)

Other

No loans or advances from the Company are provided to members of the Managing Board.

Benefits granted and payments made in fiscal 2019

The following tables show individually for each Managing Board member the benefits granted in fiscal 2019 and fiscal 2018. The actual amounts paid out are reported under "Benefits received."

The amounts of base compensation, the Bonus and fringe benefits relate to fiscal 2019 and fiscal 2018.

Target compensation for one-year variable compensation (Bonus), including floors and caps, is reported under "Benefits granted." The amounts for multi-year variable compensation (Siemens Stock Awards) granted in fiscal 2019 reflect the fair value on the grant date. The figures for individual maximums for one-year variable compensation (Bonus) and multi-year variable compensation (Siemens Stock Awards) reflect the possible maximum value in accordance with the maximum amounts agreed upon for fiscal 2019 – that is, 240% and 300% of the applicable target amounts. Total maximum compensation for fiscal 2019, which is reported as "Total compensation (Code),"

represents the contractual maximum amount of total compensation. The maximum amount of total compensation was 1.7 times target compensation for fiscal 2019 plus two times the value of the fringe benefits and pension commitments in fiscal 2018. The figure of 1.7 times target compensation is reported separately as maximum compensation under "Total non-performance-based/performance-based compensation." Target compensation equals the total of base compensation, the target amount for the one-year variable compensation (Bonus) and the target amount for multi-year variable compensation (Siemens Stock Awards).

Total compensation in accordance with the applicable accounting standards is also reported under "Benefits granted." Instead of the target amount for one-year variable compensation (Bonus) specified by the Code, this figure includes the actual Bonus paid out and excludes the pension service cost.

The payments made in 2019 and 2018 are reported under "Benefits received." The payouts for stock-based compensation refer to grants for fiscal 2015, 2014 and 2013. The benefits received for 2019 are significantly higher because in fiscal 2019 there was a one-time transfer of two tranches of the Siemens Stock Awards (for details, see "Information about the transfer of the 2014 and 2015 tranches").

Joe Kaeser

Appointed: May 2006
President and CEO since August 2013

(Amounts in thousands of €)		Benefits granted				Benefits received	
		2019	2019 (Min)	2019 (Max)	2018	2019	2018
Non-performance-based compensation	Fixed compensation (base compensation)	2,205	2,205	2,205	2,162	2,205	2,162
	Fringe benefits	115	115	115	115	115	115
	Total	2,320	2,320	2,320	2,277	2,320	2,277
Performance-based compensation	One-year variable compensation						
	Bonus	2,205	0	5,292	2,162	2,502	2,505
	Multi-year variable compensation						
	Stock Awards 2019 (Vesting period: 2018 – 22)	2,330	0	6,834	–	–	–
	Stock Awards 2018 (Vesting period: 2017 – 21)	–	–	–	2,175	–	–
	Stock Awards 2015 (Vesting period: 2014 – 18)	–	–	–	–	4,647	–
	Stock Awards 2014 (Vesting period: 2014 – 18)	–	–	–	–	2,580	–
	Stock Awards 2013 (Vesting period: 2013 – 17)	–	–	–	–	–	2,800
	Bonus Awards 2014 (Waiting period: 2014 – 18)	–	–	–	–	931	–
	Bonus Awards 2013 (Waiting period: 2013 – 17)	–	–	–	–	–	809
	Other	–	–	–	–	–	–
Total non-performance/performance-based compensation	6,854	2,320	11,370	6,613	12,978	8,391	
Pension service cost	1,271	1,271	1,271	1,207	1,271	1,207	
Total compensation (Code)	8,125	3,590	14,021	7,820	14,249	9,597	
Compensation according to applicable reporting standards							
Performance-based compensation	One-year variable compensation						
	Bonus (payout amount)	2,502			2,505		
	Total compensation	7,151			6,956		

Dr. Roland Busch

Appointed: April 2011
Deputy CEO since October 2019

(Amounts in thousands of €)		Benefits granted				Benefits received	
		2019	2019 (Min)	2019 (Max)	2018	2019	2018
Non-performance-based compensation	Fixed compensation (base compensation)	1,102	1,102	1,102	1,080	1,102	1,080
	Fringe benefits	57	57	57	55	57	55
	Total	1,159	1,159	1,159	1,135	1,159	1,135
Performance-based compensation	One-year variable compensation						
	Bonus	1,102	0	2,644	1,080	1,176	1,216
	Multi-year variable compensation						
	Stock Awards 2019 (Vesting period: 2018 – 22)	1,166	0	3,420	–	–	–
	Stock Awards 2018 (Vesting period: 2017 – 21)	–	–	–	1,088	–	–
	Stock Awards 2015 (Vesting period: 2014 – 18)	–	–	–	–	2,478	–
	Stock Awards 2014 (Vesting period: 2014 – 18)	–	–	–	–	1,358	–
	Stock Awards 2013 (Vesting period: 2013 – 17)	–	–	–	–	–	1,577
	Bonus Awards 2014 (Waiting period: 2014 – 18)	–	–	–	–	559	–
	Bonus Awards 2013 (Waiting period: 2013 – 17)	–	–	–	–	–	628
	Other	–	–	–	–	–	–
Total non-performance/performance-based compensation	3,426	1,159	5,683	3,303	6,730	4,556	
Pension service cost	566	566	566	593	566	593	
Total compensation (Code)	3,992	1,725	7,004	3,896	7,296	5,149	
Compensation according to applicable reporting standards							
Performance-based compensation	One-year variable compensation						
	Bonus (payout amount)	1,176			1,216		
	Total compensation	3,501			3,439		

Lisa Davis¹

Appointed: August 2014

(Amounts in thousands of €)		Benefits granted				Benefits received	
		2019	2019 (Min)	2019 (Max)	2018	2019	2018
Non-performance-based compensation	Fixed compensation (base compensation)	1,102	1,102	1,102	1,080	1,102	1,080
	Fringe benefits ²	751	751	751	401	729	401
	Total	1,853	1,853	1,853	1,481	1,830	1,481
Performance-based compensation	One-year variable compensation						
	Bonus	1,102	0	2,644	1,080	1,140	1,180
	Multi-year variable compensation						
	Stock Awards 2019 (Vesting period: 2018 – 22)	1,166	0	3,420	–	–	–
	Stock Awards 2018 (Vesting period: 2017 – 21)	–	–	–	1,088	–	–
	Stock Awards 2015 (Vesting period: 2014 – 18)	–	–	–	–	2,478	–
	Stock Awards 2014 (Vesting period: 2014 – 18) ³	–	–	–	–	2,463	–
	Stock Awards 2013 (Vesting period: 2013 – 17)	–	–	–	–	–	–
	Bonus Awards 2014 (Waiting period: 2014 – 18)	–	–	–	–	58	–
	Bonus Awards 2013 (Waiting period: 2013 – 17)	–	–	–	–	–	–
Other	–	–	–	–	–	–	
Total non-performance/performance-based compensation	4,120	1,853	5,683	3,649	7,969	2,661	
Pension service cost	611	611	611	581	611	581	
Total compensation (Code)	4,731	2,464	7,696	4,230	8,580	3,242	

Compensation according to applicable reporting standards

Performance-based compensation	One-year variable compensation		
	Bonus (payout amount)	1,140	1,180
	Total compensation	4,158	3,749

¹ Lisa Davis's compensation is paid out in Germany in euros. It has been agreed that any tax liability that arises due to tax rates that are higher in Germany than in the U. S. will be reimbursed. In addition, a currency adjustment payment was granted for base compensation in calendar years 2017 and 2018 as well as for the Bonus for fiscal years 2017 and 2018.

² The fringe benefits reported under "Benefits granted" (fiscal 2019) also include fringe benefits of €22,288, which will be paid out in October 2019 (fiscal 2020).

³ The amount reported under "Benefits received" includes €2,236,573 from the settlement of Siemens Stock Awards that were granted to Lisa Davis in fiscal 2014 as compensation for the forfeiture of entitlements granted by her previous employer.

Klaus Helmrich

Appointed: April 2011

(Amounts in thousands of €)		Benefits granted				Benefits received	
		2019	2019 (Min)	2019 (Max)	2018	2019	2018
Non-performance-based compensation	Fixed compensation (base compensation)	1,102	1,102	1,102	1,080	1,102	1,080
	Fringe benefits	45	45	45	44	45	44
	Total	1,147	1,147	1,147	1,124	1,147	1,124
Performance-based compensation	One-year variable compensation						
	Bonus	1,102	0	2,644	1,080	1,213	1,288
	Multi-year variable compensation						
	Stock Awards 2019 (Vesting period: 2018 – 22)	1,166	0	3,420	–	–	–
	Stock Awards 2018 (Vesting period: 2017 – 21)	–	–	–	1,088	–	–
	Stock Awards 2015 (Vesting period: 2014 – 18)	–	–	–	–	2,478	–
	Stock Awards 2014 (Vesting period: 2014 – 18)	–	–	–	–	1,358	–
	Stock Awards 2013 (Vesting period: 2013 – 17)	–	–	–	–	–	1,577
	Bonus Awards 2014 (Waiting period: 2014 – 18)	–	–	–	–	483	–
	Bonus Awards 2013 (Waiting period: 2013 – 17)	–	–	–	–	–	619
Other	–	–	–	–	–	–	
Total non-performance/performance-based compensation	3,415	1,147	5,683	3,291	6,679	4,608	
	Pension service cost	618	618	618	593	618	593
	Total compensation (Code)	4,033	1,765	6,980	3,884	7,297	5,201
Compensation according to applicable reporting standards							
Performance-based compensation	One-year variable compensation						
	Bonus (payout amount)	1,213			1,288		
	Total compensation	3,526			3,499		

Janina Kugel

Appointed: February 2015

(Amounts in thousands of €)		Benefits granted				Benefits received	
		2019	2019 (Min)	2019 (Max)	2018	2019	2018 ¹
Non-performance-based compensation	Fixed compensation (base compensation)	1,102	1,102	1,102	1,080	1,102	1,080
	Fringe benefits	41	41	41	40	41	40
	Total	1,142	1,142	1,142	1,120	1,142	1,120
Performance-based compensation	One-year variable compensation						
	Bonus	1,102	0	2,644	1,080	1,140	1,144
	Multi-year variable compensation						
	Stock Awards 2019 (Vesting period: 2018–22)	1,166	0	3,420	–	–	–
	Stock Awards 2018 (Vesting period: 2017–21)	–	–	–	1,088	–	–
	Stock Awards 2015 (Vesting period: 2014–18)	–	–	–	–	1,652	–
	Stock Awards 2014 (Vesting period: 2014–18)	–	–	–	–	–	–
	Stock Awards 2013 (Vesting period: 2013–17)	–	–	–	–	–	–
	Bonus Awards 2014 (Waiting period: 2014–18)	–	–	–	–	–	–
	Bonus Awards 2013 (Waiting period: 2013–17)	–	–	–	–	–	–
Other ^{2,3}	–	–	–	–	258	453	
Total non-performance/performance-based compensation	3,410	1,142	5,683	3,288	4,192	2,718	
	Pension service cost	584	584	584	577	584	577
	Total compensation (Code)	3,994	1,727	6,974	3,865	4,777	3,295

Compensation according to applicable reporting standards

Performance-based compensation	One-year variable compensation		
	Bonus (payout amount)	1,140	1,144
	Total compensation	3,448	3,352

¹ At the beginning of fiscal 2018, Janina Kugel was also entitled to 2,501 matching shares from the Share Matching Program (see → NOTE 26 in B.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS). She had acquired this entitlement when she was an employee of Siemens AG before she became a member of the Managing Board. The entitlement fell due and was settled in February 2018. At the time of transfer, the shares had a value equivalent to €291.37.

² To compensate for the forfeiture of stock at her previous employer, Janina Kugel was granted a special allocation of 3,999 Siemens Stock Awards in February 2014. This commitment arose out of an entitlement that Janina Kugel had acquired when she was an employee of Siemens AG before she became a member of the Managing Board. In February 2018, after expiration of the four-year vesting period, the Siemens Stock Awards were settled in cash. The value of these Siemens Stock Awards is reported under "Other" (see "Benefits received," fiscal 2018).

³ Janina Kugel was appointed to the Managing Board, effective February 1, 2015. The value of Siemens Phantom Stock Awards granted to Janina Kugel upon her appointment for fiscal 2015 on a pro rata basis and settled in November 2018 following the expiration of the four-year vesting period is reported under "Stock Awards 2015 (Vesting period 2014–18)." Furthermore, Janina Kugel was entitled to Siemens Stock Awards from the 2014 and 2015 tranches acquired when she was an employee of Siemens AG, before she became a member of the Managing Board. These Stock Awards were also settled in November 2018, and their value is reported under "Other" (see "Benefits received," fiscal 2019).

Cedrik Neike¹
Appointed: April 2017

(Amounts in thousands of €)		Benefits granted				Benefits received ²	
		2019	2019 (Min)	2019 (Max)	2018	2019	2018
Non-performance-based compensation	Fixed compensation (base compensation)	1,102	1,102	1,102	1,080	1,102	1,080
	Fringe benefits	17	17	17	29	17	29
	Total	1,118	1,118	1,118	1,109	1,118	1,109
Performance-based compensation	One-year variable compensation						
	Bonus	1,102	0	2,644	1,080	1,213	1,144
	Multi-year variable compensation						
	Stock Awards 2019 (Vesting period: 2018 – 22)	1,166	0	3,420	–	–	–
	Stock Awards 2018 (Vesting period: 2017 – 21)	–	–	–	1,088	–	–
	Stock Awards 2015 (Vesting period: 2014 – 18)	–	–	–	–	–	–
	Stock Awards 2014 (Vesting period: 2014 – 18)	–	–	–	–	–	–
	Stock Awards 2013 (Vesting period: 2013 – 17)	–	–	–	–	–	–
	Bonus Awards 2014 (Waiting period: 2014 – 18)	–	–	–	–	–	–
	Bonus Awards 2013 (Waiting period: 2013 – 17)	–	–	–	–	–	–
Other	–	–	–	–	–	1,457	
Total non-performance/performance-based compensation	3,386	1,118	5,683	3,277	2,331	3,710	
Pension service cost	568	568	568	553	568	553	
Total compensation (Code)	3,954	1,686	6,951	3,830	2,899	4,263	

Compensation according to applicable reporting standards

Performance-based compensation	One-year variable compensation		
	Bonus (payout amount)	1,213	1,144
	Total compensation	3,497	3,341

¹ In addition to his role as a member of the Managing Board of Siemens AG, Cedrik Neike served as Executive Chairman of the Board of Directors of Siemens Ltd. China until March 31, 2019. Of the fixed compensation and payout amount for one-year variable compensation reported here (see "Benefits received"), an amount of €262,260 (2018: €514,725) was granted and paid by Siemens Ltd. China and deducted from the compensation for his Managing Board activities at Siemens AG. Of the multi-year variable compensation and fringe benefits reported here (see "Benefits granted"), amounts of €131,359 (2018: €261,625) and €10,842

(2018: €13,409), respectively, were granted and paid by Siemens Ltd. China. In addition, it has been agreed that Siemens AG will offset, as a net amount, any personal tax burden that, due to Cedrik Neike's two employment relationships, exceeds the burden that he would incur if he paid tax solely on the benefits granted to him under his employment contract with Siemens AG in Germany. Siemens AG will also offset, as a net amount, any burdens due to charges and contributions to social insurance or comparable statutory systems in China additional to those he incurs in Germany. To date, no such offset payments have been made.

² To compensate for the forfeiture of stock at his previous employer, the Supervisory Board granted Cedrik Neike a one-time amount of €4,200,000 in fiscal 2017. Of this amount, 75% was granted in the form of non-forfeitable Siemens Phantom Stock Awards and the remaining 25% as a special pension benefit contribution. One half of these Siemens Phantom Stock Awards fell due and was settled in September 2017. The other half fell due and was settled in September 2018. The value of these Siemens Phantom Stock Awards depended solely on the performance of the Siemens share.

Michael Sen
Appointed: April 2017

(Amounts in thousands of €)		Benefits granted				Benefits received	
		2019	2019 (Min)	2019 (Max)	2018	2019	2018
Non-performance-based compensation	Fixed compensation (base compensation)	1,102	1,102	1,102	1,080	1,102	1,080
	Fringe benefits	170	170	170	510	170	510
	Total	1,272	1,272	1,272	1,590	1,272	1,590
Performance-based compensation	One-year variable compensation						
	Bonus	1,102	0	2,644	1,080	1,176	1,252
	Multi-year variable compensation						
	Stock Awards 2019 (Vesting period: 2018 – 22)	1,457	0	4,275	–	–	–
	Stock Awards 2018 (Vesting period: 2017 – 21)	–	–	–	1,088	–	–
	Stock Awards 2015 (Vesting period: 2014 – 18)	–	–	–	–	–	–
	Stock Awards 2014 (Vesting period: 2014 – 18)	–	–	–	–	–	–
	Stock Awards 2013 (Vesting period: 2013 – 17)	–	–	–	–	–	–
	Bonus Awards 2014 (Waiting period: 2014 – 18)	–	–	–	–	–	–
	Bonus Awards 2013 (Waiting period: 2013 – 17)	–	–	–	–	–	–
Other	–	–	–	–	–	–	
Total non-performance/performance-based compensation	3,831	1,272	6,168	3,757	2,448	2,841	
	Pension service cost	562	562	562	559	562	559
	Total compensation (Code)	4,393	1,834	8,397	4,316	3,010	3,400
Compensation according to applicable reporting standards							
Performance-based compensation	One-year variable compensation						
	Bonus (payout amount)	1,176			1,252		
	Total compensation	3,906			3,929		

Prof. Dr. Ralf P. Thomas

Appointed: September 2013

(Amounts in thousands of €)		Benefits granted				Benefits received	
		2019	2019 (Min)	2019 (Max)	2018	2019	2018
Non-performance-based compensation	Fixed compensation (base compensation)	1,102	1,102	1,102	1,080	1,102	1,080
	Fringe benefits	69	69	69	72	69	72
	Total	1,171	1,171	1,171	1,152	1,171	1,152
Performance-based compensation	One-year variable compensation						
	Bonus	1,102	0	2,644	1,080	1,250	1,216
	Multi-year variable compensation						
	Stock Awards 2019 (Vesting period: 2018 – 22)	1,457	0	4,275	–	–	–
	Stock Awards 2018 (Vesting period: 2017 – 21)	–	–	–	1,088	–	–
	Stock Awards 2015 (Vesting period: 2014 – 18)	–	–	–	–	2,478	–
	Stock Awards 2014 (Vesting period: 2014 – 18)	–	–	–	–	1,358	–
	Stock Awards 2013 (Vesting period: 2013 – 17)	–	–	–	–	–	751
	Bonus Awards 2014 (Waiting period: 2014 – 18)	–	–	–	–	483	–
	Bonus Awards 2013 (Waiting period: 2013 – 17)	–	–	–	–	–	24
Other	–	–	–	–	–	–	
Total non-performance/performance-based compensation	3,730	1,171	6,168	3,319	6,740	3,143	
	Pension service cost	586	586	586	596	586	596
	Total compensation (Code)	4,315	1,756	7,521	3,915	7,325	3,738
Compensation according to applicable reporting standards							
Performance-based compensation	One-year variable compensation						
	Bonus (payout amount)	1,250			1,216		
	Total compensation	3,878			3,455		

A.10.1.3 ADDITIONAL DISCLOSURES ON STOCK-BASED COMPENSATION INSTRUMENTS IN FISCAL 2019

The following table shows changes in the balance of the Stock Awards held by Managing Board members in fiscal 2019. The table also includes the expenses for each individual Managing Board member arising from stock-based compensation recognized in accordance with IFRS in fiscal 2019 and fiscal 2018.

(Amounts in number of units)	Balance at beginning of fiscal 2019		Granted during fiscal year ¹	Vested and settled during fiscal year	Forfeited during fiscal year	Balance at end of fiscal 2019 ²		Expenses for stock-based compensation (in €)	
	Non-forfeitable Bonus Awards grants	Forfeitable Stock Awards grants	Forfeitable Stock Awards grants	Bonus Awards and Stock Awards grants	Stock Awards grants	Non-forfeitable Bonus Awards grants	Forfeitable Stock Awards grants	2019	2018
Managing Board members in office as of September 30, 2019									
Joe Kaeser	9,296	127,189	53,582	62,022	–	–	128,045	1,231,410	3,474,486
Dr. Roland Busch	5,578	65,441	26,815	33,518	–	–	64,316	606,684	1,785,096
Lisa Davis	576	76,476	26,815	39,551	–	–	64,316	605,764	1,701,198
Klaus Helmrich	4,824	65,441	26,815	32,764	–	–	64,316	606,940	1,785,401
Janina Kugel	–	48,135	26,815	11,656	–	–	63,294	578,552	1,566,652
Cedrik Neike ³	–	17,192	26,815	–	–	–	44,007	557,575	419,403
Michael Sen	–	22,394	33,518	–	–	–	55,912	716,334	653,500
Prof. Dr. Ralf P. Thomas	4,824	65,441	33,518	32,764	–	–	71,019	679,797	1,855,216
Total	25,098	487,709	254,693	212,275	–	–	555,225	5,583,058	13,240,953

¹ The resulting fair value per awarded share at grant date in fiscal 2019 was €43.48.

² The figures take into account the Stock Awards granted in November 2018 for fiscal 2019.

³ The reported figures include the Stock Awards granted to Cedrik Neike for his position as Executive Chairman of the Board of Directors of Siemens Ltd. China.

In fiscal 2019, a gain from stock-based compensation for former members of the Managing Board amounting to €928,067 was recognized in accordance with IFRS. The gain was due to the reversal of accrued provisions, which were recognized as income. These provisions exceeded the payout for the Stock Awards and Bonus Awards that were transferred in fiscal 2019 or exceeded the provisions required for the portions of the 2016 and 2017 tranches to be settled in cash. Settlement of Stock Awards for former Managing Board members via the transfer of Siemens shares typically takes place after the expiration of the relevant vesting period.

A.10.1.4 OUTLOOK FOR FISCAL 2020

Due to the strategic realignment of the Siemens Group under "Vision 2020+," the draft version of the German Corporate Governance Code of May 9, 2019, and the draft of the act transposing the second European Shareholder Rights Directive into German law (ARUG II), the compensation system for Managing Board members was thoroughly reviewed and further developed in fiscal 2019. The Compensation Committee prepared a recommendation for a revision of the compensation system that was submitted

to the Supervisory Board and approved by that body on September 18, 2019. The revised compensation system applies to all members of the Managing Board in office as of October 1, 2019, and to all new appointments and reappointments thereafter. Plans call for submitting the revised compensation system to the Annual Shareholders' Meeting for endorsement in February 2020.

The key changes in the compensation system for Managing Board members are explained below.

Overview of changes in Managing Board compensation

Compensation system until fiscal 2019	Aspect	Compensation system starting in fiscal 2020				
Uniform allocation of target direct compensation: Base compensation 33% Bonus 33% Stock Awards 34%	Compensation structure	<ul style="list-style-type: none"> Reinforcement of long-term focus by increasing percentage of Stock Awards Supervisory Board can differentiate compensation structure by function as long as long-term focus is guaranteed 				
<ul style="list-style-type: none"> 33.33% EPS 33.34% ROCE 33.33% individual targets Adjustment option up to ± 20% Payout cap: 240%	Bonus	<table border="1"> <thead> <tr> <th>Functional responsibilities</th> <th>Business responsibilities</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> 33.34% Group (generally EPS) 33.33% Group (generally ROCE) 33.33% individual targets </td> <td> <ul style="list-style-type: none"> 33.34% Group (generally EPS) 33.33% business (generally profit margin) 33.33% individual targets </td> </tr> </tbody> </table> No adjustment option Payout cap: 200%	Functional responsibilities	Business responsibilities	<ul style="list-style-type: none"> 33.34% Group (generally EPS) 33.33% Group (generally ROCE) 33.33% individual targets 	<ul style="list-style-type: none"> 33.34% Group (generally EPS) 33.33% business (generally profit margin) 33.33% individual targets
Functional responsibilities	Business responsibilities					
<ul style="list-style-type: none"> 33.34% Group (generally EPS) 33.33% Group (generally ROCE) 33.33% individual targets 	<ul style="list-style-type: none"> 33.34% Group (generally EPS) 33.33% business (generally profit margin) 33.33% individual targets 					
100% share price performance vs. comparison group of five competitors	Stock Awards	80% based on TSR vs. MSCI World Industrials 20% based on a Siemens-internal ESG/Sustainability Index comprising three key performance indicators, such as CO ₂ emissions				
Bonus and Stock Awards	Malus/clawback	Bonus and Stock Awards, expanded scope				
Expense reimbursement	Fringe benefits	Expense reimbursement up to an amount defined by the Supervisory Board				
BSAV contribution as percentage of target cash compensation	Pension benefit commitments	Defined BSAV contribution in euros; option for new appointees to receive amount for use at their discretion				

"Vision 2020+"/sustainable company development

With "Vision 2020+," Siemens has set the course for sustainable value creation through accelerated growth and stronger profitability. The aim of "Vision 2020+" is to give the Company's individual businesses considerably more entrepreneurial freedom and more responsibility for their results. This realignment requires a Managing Board compensation system that takes greater account of Managing Board members' individual achievements and responsibilities and provides incentives for Siemens' sustainable,

profitable development as a whole. As an important step in the move to tie compensation more closely to long-term Company development, the proportion of Stock Awards in target total compensation will be increased for all Managing Board members. In addition, the Share Ownership Guidelines, which are already ambitious, will be retained.

In addition, the following key changes will be made to the system:

- The short-term variable component (Bonus) will continue to be based on two key financial figures, each of which will have a one-third weighting. For Managing Board members with responsibilities for an individual business one of these two key figures will be measured at the level of that business in order to take due account of the operational implementation of the Company strategy. For Managing Board members with primarily functional responsibilities (for example, finance), both key financial figures will continue to be measured at the Group level. Individual targets will still have a one-third weighting.
- For long-term stock-based compensation (Stock Awards), the performance of Siemens AG on the capital market will be compared to a broad sector index (MSCI World Industrials) on the basis of total shareholder return (TSR). In view of the planned and announced changes in the business portfolio of Siemens AG, MSCI World Industrials offers a stable, strategically relevant metric over the term of a tranche. By taking account of share price performance and dividends paid, TSR reflects the overall performance of the Siemens share.
- To anchor environmental, social & governance (ESG) factors and sustainability in the Managing Board compensation system, a second performance criterion will be introduced for the Stock Awards in the form of a Siemens-internal ESG/Sustainability Index, which is based on three equally weighted metrics. The ESG metrics will reflect relevant strategic and socio-political topics.

Compensation caps/contract provisions

The Managing Board compensation system is intended to comply with regulatory requirements as well as to be appropriate and in line with prevailing market practice. As a result, the following adjustments to the design of the compensation system have been or will be implemented as of fiscal 2020:

- The current caps of 200% of the target amount for the Bonus and 300% of the target amount for Stock Awards will be retained. In addition, the Supervisory Board of Siemens AG has defined maximum Managing Board compensation for fiscal 2020.
- The Supervisory Board's option to adjust the Bonus payout amount upwards or downwards by as much as 20% at its duty-bound discretion has been eliminated. As a result, the maximum Bonus payout amount has been reduced from 240% to 200% of the target amount.

- A maximum amount of fringe benefits has been defined relative to base salary. This amount caps the benefits that can be paid to a Managing Board member.
- In the future, the pension benefit contribution will be set as a fixed amount rather than in relation to base compensation plus the Bonus target amount. Furthermore, in lieu of a defined contribution to pension benefits, the Supervisory Board may grant newly appointed Managing Board members an amount to be used at the member's discretion.
- Newly appointed Managing Board members and members whose employment contracts are renewed are not entitled to a severance payment if they terminate their employment in the event of a change of control.
- The existing scope of the clawback and malus regulations will be expanded for both the Bonus and the Stock Awards.

Transparency

With its revised compensation system for the Managing Board and in line with regulatory requirements and feedback from various stakeholders, Siemens has further enhanced its level of transparency. Shareholders and other stakeholders should always be able to understand clearly how the system for compensating Managing Board members helps implement the Company's strategy and fosters its sustainable development.

In the future, the Compensation Report will include the relevant performance criteria for the following fiscal year's Bonus, together with the corresponding key figures. The key figures for the Siemens ESG/Sustainability Index that have been selected for the new tranche of Stock Awards will also be published.

The target values, target ranges and target attainment for the Bonus-related key financial figures in a reporting year will be published retroactively in the Compensation Report. The target values, target ranges and target attainment measured in terms of capital market performance and of the Siemens ESG/Sustainability Index will be published for the relevant Stock Awards tranches after the expiration of the vesting period.

Targets for fiscal 2020

On September 18, 2019, the Supervisory Board of Siemens AG approved the following performance criteria for the short-term variable compensation component (Bonus) for fiscal 2020:

- for "Siemens Group," the performance criterion "profit," measured in terms of basic earnings per share (EPS)
- for "Managing Board portfolio," the performance criterion "profitability/capital efficiency," measured in terms of return on capital employed (ROCE) for Managing Board members with primarily functional responsibility, and in terms of the profit margin of the relevant business for Managing Board members with business responsibility.

The Supervisory Board also approved the following performance criteria for the 2020 Siemens Stock Awards tranche (vesting period: November 2019 to November 2023):

- "long-term value creation," measured in terms of total shareholder return (TSR) relative to the MSCI World Industrials index
- "sustainability," measured in terms of the Siemens ESG/Sustainability Index and taking into account the following three equally weighted key factors: CO₂ emissions (environmental), learning hours per employee (social) and Net Promoter Score (governance).

A.10.2 Compensation of Supervisory Board members

The current compensation policies for the Supervisory Board were authorized at the Annual Shareholders' Meeting on January 28, 2014, and have been in effect since fiscal 2014. Details are set out in Section 17 of the Articles of Association of Siemens AG. Supervisory Board compensation consists entirely of fixed compensation; it reflects the responsibilities and scope of the work of the Supervisory Board members. The Chairman and Deputy Chairs of the Supervisory Board, as well as the chairs and members of the Audit Committee, the Chairman's Committee, the Compensation Committee, the Compliance Committee and the Innovation and Finance Committee receive additional compensation.

Under the current rules, the members of the Supervisory Board receive an annual base compensation, and the members of the Supervisory Board committees receive additional compensation for their committee work.

Compensation of members of the Supervisory Board and its committees

Base compensation of Supervisory Board				
Chairman €280,000		Deputy Chairs €220,000		Member €140,000
Additional compensation for committee work				
Audit Committee	Chairman's Committee	Compensation Committee	Innovation and Finance Committee	Compliance Committee
Chair €160,000	Chair €120,000	Chair €100,000	Chair €80,000	Chair €80,000
Member €80,000	Member €80,000	Member €60,000	Member €40,000	Member €40,000

Compensation for work on the Chairman's Committee counts toward compensation for work on the Compensation Committee. No additional compensation is paid for work on the Compliance Committee if a member of that committee is already entitled to compensation for work on the Audit Committee.

If a Supervisory Board member is absent from any Supervisory Board meetings, one-third of the aggregate compensation due to that member is reduced by the percentage of Supervisory Board meetings he or she does not attend in relation to the total number of Supervisory Board meetings held during the fiscal year. In the event of changes in the composition of the Supervisory Board or its committees, compensation is paid on a pro rata basis, rounding up to the next full month.

In addition, the members of the Supervisory Board are entitled to receive a fee of €1,500 for each meeting of the Supervisory Board and/or its committees they attend.

The members of the Supervisory Board are reimbursed for out-of-pocket expenses incurred in connection with their duties and for any value-added taxes to be paid on their compensation. For the performance of his duties, the Chairman of the Supervisory Board is also entitled to an office with secretarial support and the use of a car service. No loans or advances from the Company are provided to members of the Supervisory Board. The compensation shown in the following table was determined for each Supervisory Board member for fiscal 2019 (individualized disclosure).

(Amounts in €)	2019				2018			
	Base compensation	Additional compensation for committee work	Meeting attendance fee	Total	Base compensation	Additional compensation for committee work	Meeting attendance fee	Total
Supervisory Board members in office as of September 30, 2019								
Jim Hagemann Snabe	280,000	280,000	52,500	612,500	245,000	240,000	51,000	536,000
Birgit Steinborn ¹	220,000	200,000	51,000	471,000	220,000	200,000	57,000	477,000
Werner Wenning	220,000	140,000	37,500	397,500	220,000	140,000	43,500	403,500
Dr. Werner Brandt	140,000	160,000	24,000	324,000	105,000	120,000	15,000	240,000
Michael Diekmann	140,000	60,000	15,000	215,000	140,000	60,000	16,500	216,500
Dr. Andrea Fehrmann ¹	140,000	–	9,000	149,000	105,000	–	7,500	112,500
Bettina Haller ¹	140,000	80,000	24,000	244,000	140,000	80,000	24,000	244,000
Robert Kensbock ¹	140,000	180,000	28,500	348,500	140,000	180,000	31,500	351,500
Harald Kern ¹	140,000	80,000	19,500	239,500	140,000	80,000	24,000	244,000
Jürgen Kerner ¹	140,000	200,000	51,000	391,000	140,000	200,000	54,000	394,000
Dr. Nicola Leibinger-Kammüller	140,000	80,000	25,500	245,500	140,000	80,000	28,500	248,500
Benoît Potier	132,222	–	9,000	141,222	105,000	–	7,500	112,500
Hagen Reimer ^{1,2}	105,000	–	4,500	109,500	–	–	–	–
Dr. Norbert Reithofer	132,222	37,778	12,000	182,000	134,167	38,333	16,500	189,000
Dame Nemat Shafik (DPhil)	132,222	–	7,500	139,722	105,000	–	7,500	112,500
Dr. Nathalie von Siemens	140,000	40,000	13,500	193,500	140,000	30,000	15,000	185,000
Michael Sigmund	140,000	–	9,000	149,000	140,000	–	12,000	152,000
Dorothea Simon ¹	140,000	–	9,000	149,000	140,000	–	12,000	152,000
Matthias Zachert	140,000	80,000	24,000	244,000	105,000	60,000	12,000	177,000
Gunnar Zukunft ¹	140,000	–	9,000	149,000	105,000	–	7,500	112,500
Former members of the Supervisory Board								
Reinhard Hahn ^{1,2}	46,667	–	4,500	51,167	140,000	–	12,000	152,000
Total³	3,088,333	1,617,778	439,500	5,145,611	2,849,167	1,508,333	454,500	4,812,000

¹ These employee representatives on the Supervisory Board and the representatives of the trade unions on the Supervisory Board have declared their willingness to transfer their compensation to the Hans Boeckler Foundation, in accordance with the guidelines of the Confederation of German Trade Unions.

² Hagen Reimer was elected a member of the Supervisory Board, effective at the end of the Annual Shareholders' Meeting on January 30, 2019. He succeeded Reinhard Hahn, who left the Supervisory Board, effective the same date.

³ Compared to the amounts reported in the 2018 Compensation Report, this amount does not include compensation totaling €543,667 for former Supervisory Board members Olaf Bolduan, Dr. Gerhard Cromme, Dr. Hans Michael Gaul, Gérard Mestrallet, Güler Sabancı and Sibylle Wankel.

A.10.3 Other

The Company provides a group insurance policy for Supervisory and Managing Board members and certain other employees of the Siemens Group. The policy is taken out for one year at a time or renewed annually. It covers the personal liability of the insured individuals in cases of financial loss associated with their activities on behalf of the Company. The insurance policy for fiscal 2019 includes a deductible for the members of the Managing Board and the Supervisory Board that complies with the requirements of the German Stock Corporation Act and the Code.