

## C.4

# Corporate Governance

## C.4.1 Management and control structure

Siemens AG is subject to German corporate law. Therefore, it has a two-tier board structure, consisting of a Managing Board and a Supervisory Board.

### C.4.1.1 Managing Board

As the top management body, the Managing Board is committed to serving the interests of the Company and achieving sustainable growth in company value. The members of the Managing Board are jointly responsible for the entire management of the Company and decide on basic issues of business policy and corporate strategy as well as on the Company's annual and multi-year plans.

The Managing Board prepares the Company's Quarterly Statements and Half-year Financial Report, the Annual Financial Statements of Siemens AG, the Consolidated Financial Statements of the Siemens Group and the Combined Management Report of Siemens AG and the Siemens Group. In addition, the Managing Board ensures that the Company adheres to statutory requirements, official regulations and internal Company policies and works to achieve compliance with these provisions and policies within the Siemens Group. The Managing Board has established a comprehensive compliance management system. Protection is offered to employees and third parties who provide information on unlawful behavior within the Company. Details on the compliance management system are available on the Siemens Global Website at: [www.siemens.com/sustainabilityinformation](http://www.siemens.com/sustainabilityinformation)

The Supervisory Board has issued Bylaws for the Managing Board that contain the assignment of different portfolios and the rules for cooperation both within the Managing Board and between the Managing Board and the Supervisory Board. In accordance with these Bylaws, the Managing Board is divided into the portfolio of the President and CEO and a variety of Managing Board portfolios.

The Managing Board members responsible for the individual Managing Board portfolios are defined in a business assignment plan that is approved by the Supervisory Board. As the Managing Board member with responsibility for the Human Resources portfolio, the Labor Director (*Arbeitsdirektor*) is appointed in accordance with the requirements of Section 33 of the German Codetermination Act (*Mitbestimmungsgesetz*). While the first-time appointment of Managing Board members shall not, as a rule, exceed a period of three years, an assessment is to be made in each individual case in order to determine what period of appointment is deemed appropriate within the legally permissible period. This matter is explained in greater detail in chapter ↗ **C.4.2.1 DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE.**

As a rule, a portfolio assigned to an individual member is that member's own responsibility. Activities and transactions in a particular Managing Board portfolio that are considered to be extraordinarily important for the Company or associated with an extraordinary economic risk require the prior consent of the full Managing Board. The same applies to activities and transactions for which the President and CEO or another member of the Managing Board demands a prior decision by the Managing Board. The President and CEO is responsible for the coordination of all Managing Board portfolios. Further details are available in the Bylaws for the Managing Board at: [www.siemens.com/bylaws-managingboard](http://www.siemens.com/bylaws-managingboard)

The Managing Board and the Supervisory Board cooperate closely for the benefit of the Company. The Managing Board informs the Supervisory Board regularly, comprehensively and without delay on all issues of importance to the entire Company with regard to strategy, planning, business development, financial position, results of operations, compliance and entrepreneurial risks. At regular intervals, the Managing Board also discusses the status of strategy implementation with the Supervisory Board.

The members of the Managing Board are subject to a comprehensive prohibition on competitive activity for the period of their employment at Siemens AG. They are committed to serving the interest of the Company. When making their decisions, they may not be guided by personal interests nor may they exploit for their own advantage business opportunities offered to the Company. Managing Board members may engage in secondary activities – in particular, supervisory board positions outside the Siemens Group – only with the approval of the Chairman’s Committee of the Supervisory Board. The Supervisory Board is responsible for decisions regarding any adjustments to Managing Board compensation that are necessary in order to take account of possible compensation for secondary activities. Every Managing Board member is under an obligation to disclose conflicts of interest without delay to the Chairman or Chairwoman of the Supervisory Board and to inform the other members of the Managing Board thereof.

### EQUITY AND COMPENSATION COMMITTEE OF THE MANAGING BOARD

The Managing Board has one committee, the Equity and Compensation Committee. This committee is responsible for the duties assigned to it by a decision of the Managing Board – including, in particular, duties in connection with

capital measures and equity-linked financial instruments relating to the compensation of all employees and managers of the Siemens Group except the members of the Managing Board and of Top Management and relating to share-based compensation components and employee share plans. The Equity and Compensation Committee comprises the President and CEO, the Managing Board member with responsibility for the Human Resources portfolio, the Managing Board member with responsibility for the Controlling and Finance portfolio and – as of October 1, 2020 – the Deputy CEO. As of September 30, 2020, its members are Joe Kaeser (Chairman), Dr. Roland Busch and Prof. Dr. Ralf P. Thomas. As of October 1, 2020, it will also include Judith Wiese.

Information on the areas of responsibility and the curricula vitae of the members of the Managing Board are available on the Siemens Global Website at: [www.siemens.com/management](http://www.siemens.com/management). Information on the compensation paid to the members of the Managing Board is provided in chapter ↗ **A.10 COMPENSATION REPORT**.

### MEMBERS OF THE MANAGING BOARD AND POSITIONS HELD BY MANAGING BOARD MEMBERS

In fiscal 2020, the Managing Board had the following members:

Name	Date of birth	First appointed	Term expires	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises	
				External positions (as of September 30, 2020)	Group company positions (as of September 30, 2020)
Joe Kaeser President and Chief Executive Officer	June 23, 1957	May 1, 2006	At the end of the 2021 Annual Shareholders' Meeting	<b>German positions:</b> → Daimler AG, Stuttgart <sup>1</sup> → Mercedes-Benz AG, Stuttgart → Siemens Energy AG, Munich (Chairman) <sup>1</sup> → Siemens Gas and Power Management GmbH (now: Siemens Energy Management GmbH), Munich (Chairman as of October 12, 2020) <b>Positions outside Germany:</b> → NXP Semiconductors N.V., Netherlands <sup>1</sup>	<b>Positions outside Germany:</b> → Siemens Ltd., India <sup>1</sup>
Roland Busch (Dr. rer. nat.)	November 22, 1964	April 1, 2011	March 31, 2025	<b>German positions:</b> → European School of Management and Technology GmbH, Berlin	<b>German positions:</b> → Siemens Healthineers AG, Munich <sup>1</sup> → Siemens Mobility GmbH, Munich (Chairman) <b>Positions outside Germany:</b> → Arabia Electric Ltd. (Equipment), Saudi Arabia → Siemens Ltd., Saudi Arabia (Deputy Chairman) → Siemens W.L.L., Qatar
Lisa Davis (until February 29, 2020) as of February 29, 2020	October 15, 1963	August 1, 2014	Term originally to have expired on October 31, 2020	<b>Positions outside Germany:</b> → Kosmos Energy Ltd., USA → Penske Automotive Group, Inc., USA <sup>1</sup>	<b>Positions outside Germany:</b> → Siemens Proprietary Ltd., South Africa (Chairwoman)

<sup>1</sup> Publicly listed.

Name	Date of birth	First appointed	Term expires	External positions (as of September 30, 2020)	Group company positions (as of September 30, 2020)
Klaus Helmrich	May 24, 1958	April 1, 2011	March 31, 2021	<b>German positions:</b> → EOS Holding AG, Krailling → inpro Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH, Berlin	<b>Positions outside Germany:</b> → Siemens AB, Sweden (Chairman) → Siemens Aktiengesellschaft Österreich, Austria (Chairman)
Janina Kugel (until January 31, 2020) as of January 31, 2020	January 12, 1970	February 1, 2015	January 31, 2020	<b>German positions:</b> → Pensions-Sicherungs-Verein Versicherungsverein auf Gegenseitigkeit, Cologne <b>Positions outside Germany:</b> → Konecranes Plc., Finland <sup>1</sup>	
Cedrik Neike	March 7, 1973	April 1, 2017	May 31, 2025	<b>Positions outside Germany:</b> → Atos SE, France <sup>1</sup>	<b>Positions outside Germany:</b> → Siemens France Holding S.A., France → Siemens Ltd., India <sup>1</sup> → Siemens Schweiz AG, Switzerland (Chairman)
Michael Sen (until March 31, 2020) as of March 31, 2020	November 17, 1968	April 1, 2017	Term originally to have expired on March 31, 2022		<b>Positions outside Germany:</b> → Siemens Gamesa Renewable Energy, S.A., Spain <sup>1</sup>
Ralf P. Thomas (Prof. Dr. rer. pol.)	March 7, 1961	September 18, 2013	September 17, 2023	<b>German positions:</b> → Siemens Energy AG, Munich <sup>1</sup> → Siemens Gas and Power Management GmbH (now: Siemens Energy Management GmbH), Munich	<b>German positions:</b> → Siemens Healthcare GmbH, Munich (Chairman) → Siemens Healthineers AG, Munich (Chairman) <sup>1</sup> <b>Positions outside Germany:</b> → Siemens Proprietary Ltd., South Africa (Chairman)

<sup>1</sup> Publicly listed.

Matthias Rebellius (born on January 2, 1965) and Judith Wiese (born on January 30, 1971) were appointed members of the Managing Board, effective October 1, 2020. Matthias Rebellius was appointed until September 30, 2025, and Judith Wiese until September 30, 2023. Matthias Rebellius holds the following positions in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises: he is a member of the supervisory board of Siemens Energy AG, Munich, and a member of the supervisory board of Siemens Energy Management GmbH (formerly Siemens Gas and Power Management GmbH), Munich (external positions) as well as a member of the supervisory board of Siemens Mobility GmbH, Munich, and a member of the Board of Directors of Siemens Ltd. Australia, Australia (group company positions).

### C.4.1.2 Supervisory Board

The Supervisory Board oversees and advises the Managing Board in its management of the Company's business. At regular intervals, the Supervisory Board discusses business development, planning, strategy and strategy implementation. It reviews the Annual Financial State-

ments of Siemens AG, the Consolidated Financial Statements of the Siemens Group, the Combined Management Report of Siemens AG and the Siemens Group, and the proposal for the appropriation of net income. It approves the Annual Financial Statements of Siemens AG as well as the Consolidated Financial Statements of the Siemens Group, based on the results of the preliminary review conducted by the Audit Committee and taking into account the reports of the independent auditors. The Supervisory Board approves the Managing Board's proposal for the appropriation of net income and the Report of the Supervisory Board to the Annual Shareholders' Meeting. In addition, the Company's adherence to statutory provisions, official regulations and internal Company policies (compliance) are monitored by the Supervisory Board and/or its relevant committee. The Supervisory Board also appoints the members of the Managing Board and determines each member's portfolios. The Supervisory Board approves – on the basis of a proposal by the Compensation Committee – the compensation system for Managing Board members and defines their concrete compensation in accordance with this system. It sets the individual targets for the variable compensation and the total compensation of each

individual Managing Board member, reviews the appropriateness of total compensation and regularly reviews the Managing Board compensation system. Effective October 1, 2019, the Supervisory Board approved – on the basis of a proposal by the Compensation Committee – an adjusted compensation system, which was approved by the Annual Shareholders’ Meeting on February 5, 2020. Important Managing Board decisions – such as those regarding major acquisitions, divestments, fixed asset investments or financial measures – require Supervisory Board approval unless the Bylaws for the Supervisory Board specify that such authority be delegated to the Innovation and Finance Committee of the Supervisory Board.

Separate preparatory meetings of the shareholder representatives and of the employee representatives are held regularly in order to prepare the Supervisory Board meetings. The Supervisory Board also meets regularly without the Managing Board in attendance. Every Supervisory Board member must disclose conflicts of interest to the Supervisory Board. Information regarding conflicts of interest that may have arisen and their handling is provided in the Report of the Supervisory Board. Special informational (onboarding) events are held in order to familiarize new Supervisory Board members with the Company’s business model and the structures of the Siemens Group.

The Supervisory Board of Siemens AG has 20 members. As stipulated by the German Codetermination Act, half of its members represent Company shareholders, and half represent Company employees. The employee representatives’ names are marked below with an asterisk (\*). The shareholder representatives on the Supervisory Board are elected at the Annual Shareholders’ Meeting by a simple majority vote. Elections to the Supervisory Board are conducted, as a rule, on an individual basis. The Supervisory Board’s employee representatives are elected in accordance with the provisions of the German Codetermination Act.

Details regarding the work of the Supervisory Board are provided in chapter ↗ **C.3 REPORT OF THE SUPERVISORY BOARD**. The curricula vitae of the members of the Supervisory Board are published on the Siemens Global Website at: [www.siemens.com/supervisory-board](http://www.siemens.com/supervisory-board) and are updated annually. Information on the compensation paid to the members of the Supervisory Board is provided in chapter ↗ **A.10 COMPENSATION REPORT**.

**MEMBERS OF THE SUPERVISORY BOARD AND POSITIONS HELD BY SUPERVISORY BOARD MEMBERS**

In fiscal 2020, the Supervisory Board had the following members:

Name	Occupation	Date of birth	Member since	Term expires <sup>1</sup>	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises (as of September 30, 2020)
Jim Hagemann Snabe Chairman	Chairman of the Supervisory Board of Siemens AG and of the Board of Directors of A.P. Møller-Mærsk A/S	October 27, 1965	October 1, 2013	2021	<b>German positions:</b> → Allianz SE, Munich (Deputy Chairman) <sup>2</sup> <b>Positions outside Germany:</b> → A.P. Møller-Mærsk A/S, Denmark (Chairman) <sup>2</sup>
Birgit Steinborn* First Deputy Chairwoman	Chairwoman of the Central Works Council of Siemens AG	March 26, 1960	January 24, 2008	2023	
Werner Wenning Second Deputy Chairman	Second Deputy Chairman of the Supervisory Board of Siemens AG	October 21, 1946	January 23, 2013	2021	
Werner Brandt (Dr. rer. pol.)	Chairman of the Supervisory Board of RWE AG and of ProSiebenSat.1 Media SE	January 3, 1954	January 31, 2018	2023	<b>German positions:</b> → ProSiebenSat.1 Media SE, Munich (Chairman) <sup>2</sup> → RWE AG, Essen (Chairman) <sup>2</sup>
Michael Diekmann	Chairman of the Supervisory Board of Allianz SE	December 23, 1954	January 24, 2008	2023	<b>German positions:</b> → Allianz SE, Munich (Chairman) <sup>2</sup> → Fresenius Management SE, Bad Homburg → Fresenius SE & Co. KGaA, Bad Homburg (Deputy Chairman) <sup>2</sup>

<sup>1</sup> As a rule, the term of office ends upon completion of the (relevant) ordinary Annual Shareholders’ Meeting.  
<sup>2</sup> Publicly listed.  
<sup>3</sup> Group company position.  
<sup>4</sup> Shareholders’ Committee.

Name	Occupation	Date of birth	Member since	Term expires <sup>1</sup>	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises (as of September 30, 2020)
Andrea Fehrmann* (Dr.phil.)	Trade Union Secretary, IG Metall Regional Office for Bavaria	June 21, 1970	January 31, 2018	2023	<b>German positions:</b> → Siemens Gas and Power Management GmbH (now: Siemens Energy Management GmbH), Munich
Bettina Haller*	Chairwoman of the Combine Works Council of Siemens AG	March 14, 1959	April 1, 2007	2023	<b>German positions:</b> → Siemens Mobility GmbH, Munich (Deputy Chairwoman)
Robert Kensbock* (until September 25, 2020) as of September 25, 2020	Deputy Chairman of the Central Works Council of Siemens AG	March 13, 1971	January 23, 2013	2023	<b>German positions:</b> → Siemens Gas and Power Management GmbH (now: Siemens Energy Management GmbH), Munich (Deputy Chairman)
Harald Kern*	Chairman of the Siemens Europe Committee	March 16, 1960	January 24, 2008	2023	
Jürgen Kerner*	Chief Treasurer and Executive Member of the Managing Board of IG Metall	January 22, 1969	January 25, 2012	2023	<b>German positions:</b> → MAN SE, Munich (Deputy Chairman) <sup>2</sup> → MAN Truck & Bus SE, Munich (Deputy Chairman) → Premium Aerotec GmbH, Augsburg (Deputy Chairman) → Siemens Gas and Power Management GmbH (now: Siemens Energy Management GmbH), Munich → Thyssenkrupp AG, Essen (Deputy Chairman) <sup>2</sup> → Traton SE, Munich <sup>2</sup>
Nicola Leibinger-Kammüller (Dr. phil.)	Chief Executive Officer (CEO) – President and Chairwoman of the Group Management of TRUMPF GmbH + Co. KG	December 15, 1959	January 24, 2008	2021	<b>Positions outside Germany:</b> → TRUMPF Schweiz AG, Switzerland <sup>3</sup>
Benoît Potier	Chairman and Chief Executive Officer of Air Liquide S.A. <sup>2</sup>	September 3, 1957	January 31, 2018	2023	<b>Positions outside Germany:</b> → Air Liquide International S.A., France (Chairman and Chief Executive Officer) <sup>3</sup> → Air Liquide International Corporation (ALIC), USA (Chairman) <sup>3</sup> → American Air Liquide Holdings, Inc., USA <sup>3</sup> → Danone S.A., France <sup>2</sup> → The Hydrogen Company S.A., France <sup>3</sup>
Hagen Reimer*	Trade Union Secretary of the Managing Board of IG Metall	April 26, 1967	January 30, 2019	2023	<b>German positions:</b> → Siemens Gas and Power Management GmbH (now: Siemens Energy Management GmbH), Munich
Norbert Reithofer (Dr.-Ing. Dr.-Ing. E.h.)	Chairman of the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft	May 29, 1956	January 27, 2015	2023	<b>German positions:</b> → Bayerische Motoren Werke Aktiengesellschaft, Munich (Chairman) <sup>2</sup> → Henkel AG & Co. KGaA, Düsseldorf <sup>2,4</sup> → Henkel Management AG, Düsseldorf
Baroness Nemat Shafik (DBE, DPhil)	Director of the London School of Economics	August 13, 1962	January 31, 2018	2023	
Nathalie von Siemens (Dr.phil.)	Member of Supervisory Boards	July 14, 1971	January 27, 2015	2023	<b>German positions:</b> → Messer Group GmbH, Sulzbach → Siemens Healthcare GmbH, Munich → Siemens Healthineers AG, Munich <sup>2</sup> → TÜV Süd AG, Munich
Michael Sigmund*	Chairman of the Committee of Spokespersons of the Siemens Group and Chairman of the Central Committee of Spokespersons of Siemens AG	September 13, 1957	March 1, 2014	2023	
Dorothea Simon*	Chairwoman of the Central Works Council of Siemens Healthcare GmbH	August 3, 1969	October 1, 2017	2023	<b>German positions:</b> → Siemens Healthcare GmbH, Munich

<sup>1</sup> As a rule, the term of office ends upon completion of the (relevant) ordinary Annual Shareholders' Meeting.

<sup>2</sup> Publicly listed.

<sup>3</sup> Group company position.

<sup>4</sup> Shareholders' Committee.

Name	Occupation	Date of birth	Member since	Term expires <sup>1</sup>	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises (as of September 30, 2020)
Matthias Zachert	Chairman of the Board of Management of LANXESS AG <sup>2</sup>	November 8, 1967	January 31, 2018	2023	
Gunnar Zukunft*	Deputy Chairman of the Central Works Council of Siemens Industry Software GmbH	June 21, 1965	January 31, 2018	2023	<b>German positions:</b> → Siemens Industry Software GmbH, Cologne

<sup>1</sup> As a rule, the term of office ends upon completion of the (relevant) ordinary Annual Shareholders' Meeting.

<sup>2</sup> Publicly listed.

<sup>3</sup> Group company position.

<sup>4</sup> Shareholders' Committee.

Robert Kensbock left the Supervisory Board on September 25, 2020, the effective date of the spin-off of Siemens' energy business. Tobias Bäuml (born on October 10, 1979), the Deputy Chairman of the Central Works Council and the Combine Works Council of Siemens AG, was appointed by court order on October 16, 2020, to succeed him and to complete his term of office as an employee representative on the Supervisory Board.

### SUPERVISORY BOARD COMMITTEES

In fiscal 2020, the Supervisory Board had seven committees, whose duties, responsibilities and procedures fulfill the requirements of the German Stock Corporation Act (*Aktiengesetz*) and the German Corporate Governance Code (Code). The chairmen of these committees provide the Supervisory Board with regular reports on their committees' activities.

The **Chairman's Committee** makes proposals, in particular, regarding the appointment and dismissal of Managing Board members and is responsible for concluding, amending, extending and terminating employment contracts with members of the Managing Board. When making recommendations for first-time appointments, it takes into account that the terms of these appointments shall not, as a rule, exceed three years, whereby it is to be determined in each individual case what period of appointment is to be deemed appropriate within the legally permissible period. In preparing recommendations regarding the appointment of Managing Board members, the Chairman's Committee takes into account the candidates' professional qualifications, international experience and leadership qualities, the age limit specified for Managing Board members and the long-range plans for succession as well as diversity. It also takes into account

the targets for the proportion of women on the Managing Board that have been defined by the Supervisory Board and the diversity concept for the Managing Board that has been approved by the Supervisory Board. The Chairman's Committee concerns itself with questions regarding the Company's corporate governance and prepares the resolutions to be approved by the Supervisory Board regarding the Declaration of Conformity with the Code – including the explanation of deviations from the Code – and regarding the approval of the corporate governance reporting and of the Report of the Supervisory Board to the Annual Shareholders' Meeting. It is responsible for approving the Company's related party transactions. Furthermore, the Chairman's Committee submits recommendations to the Supervisory Board regarding the composition of the Supervisory Board committees and decides whether to approve contracts and business transactions with Managing Board members and parties related to them.

As of September 30, 2020, the Chairman's Committee comprised Jim Hagemann Snabe (Chairman), Jürgen Kerner, Birgit Steinborn and Werner Wenning.

The **Compensation Committee** prepares, in particular, the proposals for decisions at the Supervisory Board's plenary meetings regarding the system of Managing Board compensation, including the implementation of this system in Managing Board contracts, the definition of the targets for variable Managing Board compensation, the determination and review of the appropriateness of the total compensation of individual Managing Board members and the approval of the annual Compensation Report.

As of September 30, 2020, the Compensation Committee comprised Werner Wenning (Chairman), Michael Diekmann, Harald Kern, Jürgen Kerner, Jim Hagemann Snabe and Birgit Steinborn. Robert Kensbock was a member of the committee until September 25, 2020.

The **Audit Committee** oversees, in particular, the accounting and the accounting process and conducts a preliminary review of the Annual Financial Statements of Siemens AG, the Consolidated Financial Statements of the Siemens Group and the Combined Management Report of Siemens AG and the Siemens Group (including non-financial measures). On the basis of the independent auditors' report on their audit of the annual financial statements, the Audit Committee makes, after its preliminary review, recommendations regarding Supervisory Board approval of the Annual Financial Statements of Siemens AG and the Consolidated Financial Statements of the Siemens Group. The Audit Committee discusses the Quarterly Statements and Half-year Financial Report with the Managing Board and the independent auditors and deals with the auditors' reports on the review of the Half-year Consolidated Financial Statements and Interim Group Management Report. It concerns itself with the Company's risk monitoring system and oversees the effectiveness of its internal control, risk management and internal audit systems as well as the internal process for related party transactions. The Audit Committee receives regular reports from the internal assurance department. It prepares the Supervisory Board's recommendation to the Annual Shareholders' Meeting concerning the election of the independent auditors and submits the corresponding proposal to the Supervisory Board. Prior to submitting this proposal, the Audit Committee obtains a statement from the prospective independent auditors affirming that their independence is not in question. It awards the audit contract to the independent auditors elected by the Annual Shareholders' Meeting and monitors the independent audit of the financial statements as well as the auditors' selection, independence, qualification, rotation and efficiency and the services rendered by the auditors. The Audit Committee assesses the quality of the audit of the financial statements on a regular basis. Outside its meetings, the Supervisory Board is also in regular communication with the independent auditors via the Chairman of the Audit Committee.

As of September 30, 2020, the Audit Committee comprised Dr. Werner Brandt (Chairman), Bettina Haller, Jürgen Kerner, Dr. Nicola Leibinger-Kammüller, Jim Hagemann Snabe, Birgit Steinborn and Matthias Zachert. Robert Kensbock was a member of the committee until September 25, 2020. The members of the Audit Committee are, as a group, familiar with the sector in which the Company operates. Pursuant to the German Stock Corporation Act, the Audit Committee must include at least one Supervisory Board member with knowledge and experience in the areas of accounting or the auditing of financial statements. Pursuant to the Code, the chairman or chairwoman of the Audit Committee shall have specialist knowledge and experience in the application of accounting principles and internal control processes, be familiar with audits and be independent. The Chairman of the Audit Committee, Dr. Werner Brandt, fulfills these requirements.

The **Compliance Committee** concerned itself, in particular, with monitoring the Company's adherence to statutory provisions, official regulations and internal Company policies (compliance).

As of September 30, 2020, the Compliance Committee comprised Jim Hagemann Snabe (Chairman), Dr. Werner Brandt, Bettina Haller, Harald Kern, Jürgen Kerner, Dr. Nicola Leibinger-Kammüller, Birgit Steinborn and Matthias Zachert. Effective October 1, 2020, the duties that had been transferred to the Compliance Committee were assumed again by the Audit Committee, and the Compliance Committee was thereby dissolved.

The **Nominating Committee** is responsible for making recommendations to the Supervisory Board on suitable candidates for the election by the Annual Shareholders' Meeting of shareholder representatives on the Supervisory Board. In preparing these recommendations, the objectives defined by the Supervisory Board for its composition and the approved diversity concept – in particular, independence and diversity – are to be appropriately considered, as are the proposed candidates' required knowledge, abilities and professional experience. Fulfillment of the required profile of skills and expertise is also to be aimed at. Attention shall be paid to an appropriate participation of women and men in accordance with the

legal requirements relating to the gender quota as well as to ensuring that the members of the Supervisory Board are, as a group, familiar with the sector in which the Company operates.

As of September 30, 2020, the Nominating Committee comprised Jim Hagemann Snabe (Chairman), Dr. Nicola Leibinger-Kammüller, Benoît Potier and Werner Wenning.

The **Mediation Committee** submits proposals to the Supervisory Board in the event that the Supervisory Board cannot reach the two-thirds majority required for the appointment or dismissal of a Managing Board member on the first ballot.

As of September 30, 2020, the Mediation Committee comprised Jim Hagemann Snabe (Chairman), Jürgen Kerner, Birgit Steinborn and Werner Wenning.

Based on the Company's overall strategy, the **Innovation and Finance Committee** discusses, in particular, the Company's innovation focuses and prepares the Supervisory Board's discussions and resolutions regarding questions relating to the Company's financial situation and structure – including annual planning (budget) – as well as the Company's fixed asset investments and its financial measures. In addition, the Innovation and Finance Committee has been authorized by the Supervisory Board to decide on the approval of transactions and measures that require Supervisory Board approval and have a value of less than €600 million.

As of September 30, 2020, the Innovation and Finance Committee comprised Jim Hagemann Snabe (Chairman), Harald Kern, Jürgen Kerner, Dr.-Ing. Dr.-Ing. E.h. Norbert Reithofer, Dr. Nathalie von Siemens, Birgit Steinborn and Werner Wenning. Robert Kensbock was a member of the committee until September 25, 2020.

#### **SUPERVISORY BOARD SELF-ASSESSMENT**

The Supervisory Board and its committees regularly conduct reviews – either internally or with the involvement of external consultants – in order to determine how efficiently they perform their duties. In fiscal 2020, the Supervisory Board conducted an internal efficiency review. At its meeting on September 23, 2020, the Supervisory

Board concerned itself intensively with the results of this review. These results confirm that cooperation within the Supervisory Board and with the Managing Board is professional, constructive and characterized by a high degree of trust and openness. The results also confirm that meetings are organized and conducted efficiently and that the participants receive sufficient information. The review did not reveal a need for any fundamental changes. Individual suggestions for improvement are also discussed and implemented during the year.

#### **C.4.1.3 Share transactions by members of the Managing and Supervisory Boards**

Pursuant to Article 19 of EU Regulation No. 596/2014 of the European Parliament and Council of April 16, 2014, on market abuse (Market Abuse Regulation), members of the Managing Board and the Supervisory Board are legally required to disclose all transactions conducted on their own account relating to the shares or debt instruments of Siemens AG or to the derivatives or financial instruments linked thereto if the total value of such transactions entered into by a Board member or any closely associated person in any calendar year reaches or exceeds €5,000 (in calendar year 2019) or €20,000 (as of calendar year 2020). All transactions reported to Siemens AG in accordance with this requirement have been duly published and are available on the Siemens Global Website at: [www.siemens.com/directors-dealings](https://www.siemens.com/directors-dealings)

Details regarding transactions with members of the Managing and Supervisory Boards as related individuals are available in [NOTE 31](#) in [B. 6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS](#).

#### **C.4.1.4 Annual Shareholders' Meeting and investor relations**

Shareholders exercise their rights at the Annual Shareholders' Meeting. An ordinary Annual Shareholders' Meeting normally takes place within the first four months of each fiscal year. The Annual Shareholders' Meeting decides, among other things, on the appropriation of net income, the ratification of the acts of the members of the Managing and Supervisory Boards, and the appointment of the independent auditors. Amendments to the Articles of Association and measures that change the Company's capital stock are approved at the Annual Shareholders'



Meeting and implemented by the Managing Board. The Managing Board facilitates shareholder participation in this meeting through electronic communications – in particular, via the Internet – and enables shareholders who are unable to attend the meeting to vote by proxy. Proxies can also be reached during the Annual Shareholders' Meeting. Furthermore, shareholders may exercise their right to vote in writing or by means of electronic communications (absentee voting). The Managing Board may enable shareholders to participate in the Annual Shareholders' Meeting without the need to be present at the venue and without a proxy and to exercise some or all of their rights fully or partially by means of electronic communications. The Company enables shareholders to follow the entire Annual Shareholders' Meeting via the Internet. Shareholders may submit motions regarding the proposals of the Managing and Supervisory Boards and may contest decisions of the Annual Shareholders' Meeting. Shareholders owning Siemens stock with an aggregate notional value of €100,000 or more may also demand the judicial appointment of special auditors to examine specific issues. The reports, documents and information required by law for the Annual Shareholders' Meeting, including the Annual Report, can be downloaded from the Siemens Global Website. The same applies to the agenda for the Annual Shareholders' Meeting and to any counterproposals or shareholders' nominations that may require disclosure. For the election of shareholder representatives on the Supervisory Board, a detailed curriculum vitae of every candidate is published.

In accordance with Section 1 para. 2 of the German Act Concerning Measures Under the Law of Companies, Co-operative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 Pandemic (*Gesetz über Maßnahmen im Gesellschafts-, Genossenschafts-, Vereins-, Stiftungs- und Wohnungseigentumsrecht zur Bekämpfung der Auswirkungen der COVID-19-Pandemie*) of March 27, 2020 (Federal Law Gazette I No. 14 2020, p. 570), the Extraordinary Shareholders' Meeting on July 9, 2020, was conducted as a virtual shareholders' meeting without the physical presence of shareholders or their proxies due to the special circumstances created by the COVID-19 pandemic.

As part of our investor relations activities, we inform our investors comprehensively about developments within the Company. For communication purposes, Siemens makes extensive use of the Internet. We publish Quarterly Statements, Half-year Financial and Annual Reports, earnings releases, ad hoc announcements, analyst presentations, letters to shareholders and press releases as well as the financial calendar for the current year, which contains the publication dates of significant financial communications and the date of the Annual Shareholders' Meeting, at: [www.siemens.com/investors](http://www.siemens.com/investors). When required, the Chairman of the Supervisory Board discusses Supervisory-Board-specific topics with investors.

The Articles of Association of Siemens AG, the Bylaws for the Supervisory Board, the bylaws for the most important Supervisory Board committees, the Bylaws for the Managing Board, our Declarations of Conformity with the Code and a variety of other corporate-governance-related documents are posted on the Siemens Global Website at: [www.siemens.com/corporate-governance](http://www.siemens.com/corporate-governance)

## c.4.2 Corporate Governance statement pursuant to Sections 289f and 315d of the German Commercial Code

The Corporate Governance statement pursuant to Sections 289f and 315d of the German Commercial Code (*Handelsgesetzbuch*) is an integral part of the Combined Management Report. In accordance with Section 317 para. 2 sent. 6 of the German Commercial Code, the audit of the disclosures made within the scope of Sections 289f and 315d of the German Commercial Code is to be limited to determining whether disclosures have been made.

The information and documents referred to in this chapter – including the Bylaws for the Managing Board, the Bylaws for the Supervisory Board, the bylaws for Supervisory Board committees, the Code and the Business Conduct Guidelines – are publicly available at: [www.siemens.com/289F](http://www.siemens.com/289F)

### C.4.2.1 Declaration of Conformity with the German Corporate Governance Code

The Managing Board and the Supervisory Board of Siemens AG approved the following Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act as of October 1, 2020:

“Declaration of Conformity by the Managing Board and the Supervisory Board of Siemens Aktiengesellschaft with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act

Since making its last Declaration of Conformity dated October 1, 2019, Siemens AG has complied with all the recommendations of the Government Commission on the German Corporate Governance Code in the version of February 7, 2017 (‘2017 Code’) published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (*Bundesanzeiger*), with the following exception:

→ Siemens AG has not complied with the recommendation in Section 5.4.5 para. 1 sent. 2 of the 2017 Code. According to this recommendation, members of the Managing Board of a listed corporation shall not accept more than a total of three Supervisory Board mandates in non-group listed corporations or on the supervisory bodies of non-group entities that make similar requirements.

Siemens AG complies, and will continue to comply, with all the recommendations of the Government Commission on the German Corporate Governance Code in the version of December 16, 2019 (‘2019 Code’) published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (*Bundesanzeiger*), with the following exceptions:

→ Siemens AG does not comply with the recommendation in B.3. According to this recommendation, the first-time appointment of Managing Board members shall be for a period of not more than three years.

→ Siemens AG does not comply with the recommendations in C.4 and C.5. According to the recommendation in C.4, a Supervisory Board member who is not a member of any Managing Board of a listed company shall not accept more than five Supervisory Board mandates at non-group listed companies or comparable functions, with an appointment as chair of the Supervisory Board being counted twice. According to the recommendation in C.5, members of the Managing Board of a listed company shall not have, in aggregate, more than two Supervisory Board mandates in non-group listed companies or comparable functions, and shall not accept the chairmanship of a Supervisory Board in a non-group listed company.

Instead of regarding the recommended maximum period of the first-time appointment of Managing Board members and the recommended maximum number of mandates for Managing Board and Supervisory Board members as rigid upper limits, an assessment is to be possible in each individual case. While the period of the first-time appointment of a Managing Board member shall not, as a rule, exceed three years, an assessment is to be possible in each individual case in order to determine what period of appointment is deemed appropriate within the legally permissible period. This assessment is to consider the individual qualifications and experience of the Managing Board member to be appointed and, in particular, the qualifications and experience that he or she has acquired over many years in management positions within the Siemens Group. With regard to the number of mandates accepted by Managing Board and Supervisory Board members, an assessment is to be possible in each individual case in order to determine if the number of accepted mandates relevant within the meaning of the Code is deemed appropriate. This assessment is to consider the expected personal workload caused by the accepted mandates, which can vary from mandate to mandate.

Berlin and Munich, October 1, 2020

Siemens Aktiengesellschaft  
The Managing Board      The Supervisory Board”

This Declaration of Conformity is available on the Siemens Global Website at: [www.siemens.com/declarationofconformity](http://www.siemens.com/declarationofconformity). The website also provides access to the Declarations of Conformity for the last five years.

### **C.4.2.2 Information on corporate governance practices**

#### **SUGGESTIONS OF THE CODE**

Siemens AG voluntarily complies with the Code's suggestions, with only the following exceptions:

According to the suggestion in A.5 of the Code, in the case of a takeover offer, the Managing Board should convene an Extraordinary General Meeting at which shareholders discuss the takeover offer and may decide on corporate actions. The convening of a shareholders' meeting – even taking into account the shortened time limits stipulated in the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) – is an organizational challenge for large publicly listed companies. It appears doubtful whether the associated effort is justified in cases where no relevant decisions by the shareholders' meeting are intended. Therefore, extraordinary shareholders' meetings shall be convened only in appropriate cases.

According to the suggestion in D.8 sent. 2, participation by telephone or video conference in the meetings of the Supervisory Board and its committees should not be the rule. At Siemens AG, participation in meetings is, as a rule, in person. Participation by telephone takes place only in exceptional cases. Due to the special circumstances created by the COVID-19 pandemic, several meetings of the Supervisory Board and its committees in fiscal 2020 took place as virtual meetings or with the possibility of participation in a virtual format.

Further corporate governance practices applied beyond legal requirements are contained in our Business Conduct Guidelines.

#### **THE COMPANY'S VALUES AND BUSINESS CONDUCT GUIDELINES**

In the 173 years of its existence, our Company has built an excellent reputation around the world. Technical performance, innovation, quality, reliability, and international

engagement have made Siemens a leading company in its areas of activity. It is top performance with the highest ethics that has made Siemens strong. This is what the Company will continue to stand for in the future.

The Business Conduct Guidelines provide the ethical and legal framework within which we want to conduct our activities and remain on course for success. They contain the basic principles and rules for our conduct within our Company and in relation to our external partners and the general public. They set out how we meet our ethical and legal responsibility as a Company and give expression to our Company values: "Responsible" – "Excellent" – "Innovative."

### **C.4.2.3 Operation of the Managing Board and the Supervisory Board, and composition and operation of their committees**

A general description of the composition and operation of the Managing Board, the Supervisory Board and their committees, including the Supervisory Board's self-assessment, can be found in chapter **➤ C.4.1 MANAGEMENT AND CONTROL STRUCTURE**. Further details can be derived from the bylaws for the governing bodies concerned.

### **C.4.2.4 Targets for the quota of women on the Managing Board and at the two management levels below the Managing Board; Information on Supervisory Board compliance with minimum gender quota requirements**

At Siemens AG, the target for the proportion of women on the Managing Board has been set at a minimum of 25% until June 30, 2022.

When filling managerial positions at the Company, the Managing Board takes diversity into account and, in particular, aims for an appropriate consideration of women and internationality. In 2017, the Managing Board set the target for the percentage of women at each of the two management levels below the Managing Board at 20%, applicable in each case until June 30, 2022.

The composition of the Supervisory Board fulfilled the legal requirements regarding the minimum gender quota in the reporting period.

### C.4.2.5 Diversity concept for the Managing Board and long-term succession planning

In September 2018, the Supervisory Board approved the following diversity concept for the composition of the Managing Board:

“The goal is to achieve a composition that is as diverse as possible and comprises individuals who complement one another in a Managing Board that provides strong leadership as well as to ensure that, as a group, the members of the Managing Board have all the knowhow and skills that are considered essential in view of Siemens’ activities.

When selecting members of the Managing Board, the Supervisory Board pays close attention to candidates’ personal suitability, integrity, convincing leadership qualities, international experience, expertise in their prospective areas of responsibility, achievements to date and knowledge of the Company as well as their ability to adjust business models and processes in a changing world. Diversity with respect to such characteristics as age and gender as well as professional and educational background is an important selection criterion for appointments to Managing Board positions. When selecting members of the Managing Board, the Supervisory Board also gives special consideration to the following factors:

- In addition to the expertise and the management and leadership experience required for their specific tasks, the Managing Board members shall have the broadest possible range of knowledge and experience and the widest possible educational and professional backgrounds.
- Taking the Company’s international orientation into account, the composition of the Managing Board shall reflect internationality with respect to different cultural backgrounds and international experience (such as extensive professional experience in foreign countries and responsibility for business activities in foreign countries in areas that are relevant for Siemens).

- As a group, the Managing Board shall have experience in the business areas that are important for Siemens – in particular, in the industry, energy, healthcare and infrastructure sectors.
- As a group, the Managing Board shall have many years of experience in technology (including information technology and digitalization), research and development, procurement, manufacturing and sales, finance, law (including compliance) and human resources.
- When selecting individuals for Managing Board positions, the targets set by the Supervisory Board for the proportion of women on the Managing Board shall be taken into account. The Supervisory Board has established as a target that – until June 30, 2022 – 25% of the Managing Board positions are to be held by women.
- It is considered helpful if different age groups are represented on the Managing Board. In accordance with the recommendation of the Code, the Supervisory Board has defined an age limit for the members of the Managing Board. In keeping with this limit, the members of the Managing Board are, as a rule, to be not older than 63 years of age.

When making an appointment to a specific Managing Board position, the decisive factor is always the Company’s best interest, taking into consideration all circumstances in the individual case.”

#### STATUS OF IMPLEMENTATION OF THE DIVERSITY CONCEPT FOR THE MANAGING BOARD

The diversity concept for the Managing Board is implemented as part of the process for making appointments to the Managing Board. When selecting candidates and/or making proposals for the appointment of Managing Board members, the Supervisory Board and the Chairman’s Committee of the Supervisory Board take into account the requirements defined in the diversity concept for the Managing Board.

The Managing Board members have a broad range of knowledge, experience and educational and professional backgrounds as well as international experience. The Managing Board has all the knowledge and experience that is considered essential in view of Siemens’ activities.

As a group, the Managing Board has experience in the business areas that are important for Siemens – in particular, in the industry, energy, healthcare and infrastructure sectors – as well as many years of experience in technology (including information technology and digitalization), research and development, procurement, manufacturing and sales, finance, law (including compliance) and human resources.

During fiscal 2020, Lisa Davis, Janina Kugel and Michael Sen left the Managing Board. In the summer of 2020, the Supervisory Board appointed Judith Wiese and Matthias Rebellius to the Managing Board as of October 1, 2020, taking into account the diversity concept and the Company's best interest. The target for June 30, 2022, has been retained. The appropriate consideration of women is a key component of long-term succession planning for the Managing Board. Different age groups are represented on the Managing Board. No Managing Board member is currently older than 63 years of age.

#### **LONG-TERM SUCCESSION PLANNING FOR THE MANAGING BOARD**

Jointly with the Managing Board and with the support of the Chairman's Committee, the Supervisory Board conducts long-term succession planning for the Managing Board. In its long-term succession planning, the Supervisory Board considers the target it has defined for the proportion of women on the Managing Board and the criteria set out in the diversity concept it has approved for the Managing Board's composition as well as the requirements of the German Stock Corporation Act (*Aktien-gesetz*), the Code and the Bylaws for the Chairman's Committee. Considering the concrete qualification requirements and the above-mentioned criteria, the Chairman's Committee prepares an ideal profile, on the basis of which it compiles a shortlist of the available candidates. Structured interviews are then conducted with these candidates. After the interviews, a proposal is submitted to the Supervisory Board for approval. When developing the profile of requirements and selecting candidates, the Supervisory Board and the Chairman's Committee are supported, if necessary, by external consultants.

#### **C.4.2.6 Objectives regarding the Supervisory Board's composition as well as the profile of required skills and expertise and the diversity concept for the Supervisory Board**

In September 2020, the Supervisory Board approved changes to the objectives for its composition including the profile of required skills and expertise and the diversity concept:

"The composition of the Supervisory Board of Siemens AG shall be such that the Supervisory Board's ability to effectively monitor and advise the Managing Board is ensured. In this connection, mutually complementary collaboration among members with a wide range of personal and professional backgrounds and diversity with regard to internationality, age and gender are considered helpful.

#### **PROFILE OF REQUIRED SKILLS AND EXPERTISE**

The candidates proposed for election to the Supervisory Board shall have the knowledge, skills and experience necessary to carry out the functions of a Supervisory Board member in a multinational company oriented toward the capital markets and to safeguard the reputation of Siemens in public. In particular, care shall be taken in regard to the personality, integrity, commitment and professionalism of the individuals proposed for election.

The goal is to ensure that, in the Supervisory Board, as a group, all knowhow and experience is available that is considered essential in view of Siemens' activities. This includes, for instance, knowledge and experience in the areas of technology (including information technology and digitalization), procurement, manufacturing and sales, finance, law (including compliance) and human resources. In addition, the members of the Supervisory Board shall collectively have knowledge and experience in the business areas that are important for Siemens, in particular, in the areas of industry, energy, healthcare and infrastructure. As a group, the members of the Supervisory Board are to be familiar with the sector in which the Company operates.

At least one independent member of the Supervisory Board shall have knowledge and expertise in the areas of accounting or the auditing of financial statements and specific knowledge and experience in applying accounting principles and internal control processes. In particular, the Supervisory Board shall also include members who have leadership experience as senior executives or members of a supervisory board (or comparable body) at a major company with international operations.

When a new member is to be appointed, a review shall be performed to determine which of the areas of expertise deemed desirable for the Supervisory Board are to be strengthened.

#### **INTERNATIONALITY**

Taking the Company's international orientation into account, care shall be taken to ensure that the Supervisory Board has an adequate number of members with extensive international experience. The goal is to make sure that the present considerable share of Supervisory Board members with extensive international experience is maintained.

#### **DIVERSITY**

With regard to the composition of the Supervisory Board, attention shall be paid to achieving sufficient diversity. Not only is appropriate consideration to be given to women. Diversity of cultural heritage and a wide range of different educational and professional backgrounds, experiences and ways of thinking are also to be promoted. When considering possible candidates for new elections or for filling Supervisory Board positions that have become vacant, the Supervisory Board shall give appropriate consideration to diversity at an early stage in the selection process.

In accordance with the German Stock Corporation Act, the Supervisory Board is composed of at least 30% women and at least 30% men. The Nominating Committee shall continue to include at least one female member.

#### **INDEPENDENCE**

The Supervisory Board shall include what the shareholder representatives on the Supervisory Board consider to be an appropriate number of independent shareholder representatives. More than half of the shareholder representatives shall be independent of the Company and its Managing Board. Substantial – and not merely temporary – conflicts of interest are to be avoided.

No more than two former members of the Managing Board of Siemens AG shall belong to the Supervisory Board.

The Supervisory Board members shall have sufficient time to exercise their mandates with the necessary regularity and diligence.

#### **LIMITS ON AGE AND ON LENGTH OF MEMBERSHIP**

In compliance with the age limit stipulated by the Supervisory Board in its Bylaws, only individuals who are no older than 70 years of age shall, as a rule, be nominated for election to the Supervisory Board. Nominations shall take into account the regular limit established by the Supervisory Board, which restricts membership on the Supervisory Board to a maximum of three full terms of office. It is considered helpful if different age groups are represented on the Supervisory Board."

#### **IMPLEMENTATION OF THE OBJECTIVES REGARDING THE SUPERVISORY BOARD'S COMPOSITION AS WELL AS THE PROFILE OF REQUIRED SKILLS AND EXPERTISE AND THE DIVERSITY CONCEPT FOR THE SUPERVISORY BOARD; INDEPENDENT SUPERVISORY BOARD MEMBERS**

Within the framework of the selection process and the nomination of candidates for the Supervisory Board, the Supervisory Board as well as the Nominating Committee of the Supervisory Board take into account the objectives regarding the Supervisory Board's composition and the requirements defined in its diversity concept. The Supervisory Board and the Nominating Committee have recently taken the objectives – including the profile of

required skills and expertise and the diversity concept – into consideration in the nominations of three shareholder representatives to be elected by the Annual Shareholders' Meeting in 2021.

The Supervisory Board is of the opinion that, with its current composition, it meets the objectives for its composition and fulfills the profile of required skills and expertise as well as the diversity concept. The Supervisory Board members have the specialist and personal qualifications considered necessary. As a group, they are familiar with the sector in which the Company operates and have the knowledge, skills and experience essential for Siemens. A considerable number of Supervisory Board members are engaged in international activities and/or have many years of international experience. Appropriate consideration has been given to diversity in the Supervisory Board. In fiscal 2020, the Supervisory Board had seven female members, of whom three are shareholder representatives and four are employee representatives. As a result, 35% of the Supervisory Board members are women. Dr. Nicola Leibinger-Kammüller is a member of the Nominating Committee.

In the estimation of the shareholder representatives, the Supervisory Board now has at least eight independent shareholder representatives – namely, Dr. Werner Brandt, Benoît Potier, Dr.-Ing. Dr.-Ing. E. h. Norbert Reithofer, Baroness Nemat Shafik, Dr. Nathalie von Siemens, Jim Hagemann Snabe, Werner Wenning and Matthias Zachert – and thus an appropriate number of members who are independent in the meaning of the Code. The regulations establishing limits on age and restricting membership in the Supervisory Board to three full terms of office are complied with.