

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 the 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. Details are available on the Siemens Global Website at: www.siemens.com/sustainability-figures

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 the business allocation plan as 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*). 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

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 Company with regard to strategy, planning, business development, financial position, earnings, compliance and risks. 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.

With the support of the Chairman's Committee and in consultation with the Managing Board, the Supervisory Board ensures long-term succession planning for appointments to the Managing Board. In September 2018, the Supervisory Board approved a diversity concept for the composition of the Managing Board that also takes into account the recommendations of the German Corporate Governance Code (Code) and includes criteria for long-term succession planning for the Managing Board. In 2017, the Supervisory Board defined a target for the proportion of women in the Managing Board of Siemens AG and set a deadline for its attainment. In 2017, the Managing Board defined targets for the proportion of women at the two management levels below the Managing Board and set a deadline for their attainment. Details regarding the diversity concept for the Managing Board, the concept's implementation and the targets are set out in chapter → **C.4.2.4 TARGETS FOR THE QUOTA OF WOMEN ON THE MANAGING BOARD AND AT THE TWO MANAGEMENT LEVELS IMMEDIATELY BELOW THE MANAGING 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. 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. No Managing Board member holds more than three supervisory board positions in non-group listed companies or positions in the supervisory bodies of non-group entities that have similar requirements.

The Managing Board has one committee, the Equity and Compensation Committee. This committee is responsible for the duties assigned to it by decision of the Managing Board – including, in particular, duties in connection with capital measures and equity-linked financial instruments relating to the compensation of the employees and managers of the Siemens Group (except

for the compensation of the members of the Managing Board and Top Management) and relating to share-based compensation components and employee share plans.

The Equity and Compensation Committee comprises the President and CEO, the Chief Human Resources Officer, the Chief Financial Officer and, as a consultative member, the Chief of Staff of Siemens AG. Its members are Joe Kaeser (Chairman), Janina Kugel, Prof. Dr. Ralf P. Thomas and, as a consultative member, Mariel von Schumann (as of September 30, 2018).

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/company-structure. 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 2018, the **Managing Board** comprised 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, 2018)	Group company positions (as of September 30, 2018)
Joe Kaeser President and Chief Executive Officer	June 23, 1957	May 1, 2006	At the end of the 2021 Annual Shareholders' Meeting	German positions: › Allianz Deutschland AG, Munich › Daimler AG, Stuttgart Positions outside Germany: › NXP Semiconductors B.V., Netherlands	Positions outside Germany: › Siemens Ltd., India
Roland Busch, Dr. rer. nat.	November 22, 1964	April 1, 2011	March 31, 2021	German positions: › European School of Management and Technology GmbH, Berlin › OSRAM Licht AG, Munich (Deputy Chairman) › OSRAM GmbH, Munich (Deputy Chairman) Positions outside Germany: › Atos SE, France	German positions: › Siemens Postal, Parcel & Airport Logistics GmbH, Constance Positions outside Germany: › Arabia Electric Ltd. (Equipment), Saudi Arabia › ISCOA Industries and Maintenance Ltd., Saudi Arabia (Deputy Chairman) › Siemens Ltd., Saudi Arabia › Siemens W.L.L., Qatar › VA TECH T&D Co. Ltd., Saudi Arabia
Lisa Davis	October 15, 1963	August 1, 2014	July 31, 2019	Positions outside Germany: › Penske Automotive Group, Inc., USA	Positions outside Germany: › Siemens Corp., USA (Chairwoman and CEO) › Siemens Gamesa Renewable Energy, S.A., Spain
Klaus Helmrich	May 24, 1958	April 1, 2011	March 31, 2021	German positions: › Deutsche Messe AG, Hanover › EOS Holding AG, Krailling › inpro Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH, Berlin	Positions outside Germany: › Siemens AB, Sweden (Chairman) › Siemens Aktiengesellschaft Österreich, Austria (Chairman) › Siemens Proprietary Ltd., South Africa (Chairman) › Siemens Schweiz AG, Switzerland (Chairman)

Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises					
Name	Date of birth	First appointed	Term expires	External positions (as of September 30, 2018)	Group company positions (as of September 30, 2018)
Janina Kugel	January 12, 1970	February 1, 2015	January 31, 2020	German positions: > Pensions-Sicherungs-Verein Versicherungsverein auf Gegenseitigkeit, Cologne Positions outside Germany: > Konecranes Plc., Finland	German positions: > Siemens Healthcare GmbH, Munich
Cedrik Neike	March 7, 1973	April 1, 2017	May 31, 2020		Positions outside Germany: > Siemens Ltd., China (Chairman) > Siemens Ltd., India > Siemens Ltd. Seoul, South Korea (Chairman)
Michael Sen	November 17, 1968	April 1, 2017	March 31, 2022		German positions: > Siemens Healthcare GmbH, Munich (Chairman) > Siemens Healthineers AG, Munich (Chairman) Positions outside Germany: > Siemens Gamesa Renewable Energy, S.A., Spain
Ralf P. Thomas, Prof. Dr. rer. pol.	March 7, 1961	September 18, 2013	September 17, 2023		German positions: > Siemens Healthcare GmbH, Munich > Siemens Healthineers AG, Munich Positions outside Germany: > Siemens Aktiengesellschaft Österreich, Austria > Siemens Corp., USA (Deputy Chairman) > Siemens Gamesa Renewable Energy, S.A., Spain

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 Statements 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 decides on 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 Supervisory Board or the Compliance Committee, which is described in more detail below, concerns itself with monitoring the Company's adherence to statutory provisions, official regulations and internal Company policies (compliance). The Supervisory Board also appoints the members of the Managing Board and determines each member's portfolios. 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. The Supervisory Board has issued Bylaws for the Managing Board that contain the assignment of responsibilities and the rules for cooperation within the Managing Board.

Separate preparatory meetings of the shareholder representatives and of the employee representatives are held regularly in order to prepare the Supervisory Board meetings. If necessary, the Supervisory Board meets without the Managing Board, at least once during the fiscal year. The Supervisory Board regularly reviews the efficiency of its activities, either internally or with the involvement of external consultants. Every Supervisory Board member must disclose to the Supervisory Board conflicts of interest – in particular, those that could arise through the performance of advisory or governing-body functions at customers, suppliers, lenders or other third parties. Information regarding any conflicts of interest that have arisen and their handling is provided in the Report of the Supervisory Board.

In September 2018, the Supervisory Board – taking into account the recommendations of the Code – newly approved the objectives for its composition, including a profile of the skills and expertise that the Supervisory Board should possess and a diversity concept for the Supervisory Board. Details and the status of implementation are set out in chapter → **C.4.2 CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTIONS 289F AND 315D OF THE GERMAN COMMERCIAL CODE.**

The Supervisory Board of Siemens AG has 20 members. As stipulated by the German Codetermination Act, half of the members represent Company shareholders, and half represent Company employees. The employee representatives' names are marked below with an asterisk (*). Seven of the ten shareholder representatives were elected at the Annual Shareholders' Meeting on January 31, 2018. The Supervisory Board's employee representatives were elected on October 5, 2017, in accordance with the provisions of the German Codetermination Act. Their election took effect at the end of the ordinary Annual Shareholders' Meeting on January 31, 2018. The terms of office of the Supervisory Board members will end, as a rule, at the conclusion of the ordinary Annual Shareholders' Meeting in 2023. The terms of offices of Dr. Nicola Leibinger-Kammüller, Jim Hagemann Snabe and Werner Wenning will end at the conclusion of the ordinary Annual Shareholders' Meeting in 2021.

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 available on the Siemens Global Website at: www.siemens.com/supervisory-board. 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 2018, the **Supervisory Board** comprised the following members:

Name	Occupation	Date of birth	Member since	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, 2018)
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	German positions: <ul style="list-style-type: none"> ➤ Allianz SE, Munich Positions outside Germany: <ul style="list-style-type: none"> ➤ A.P. Møller-Mærsk A/S, Denmark (Chairman)
Birgit Steinborn* First Deputy Chairwoman	Chairwoman of the Central Works Council of Siemens AG	March 26, 1960	January 24, 2008	
Werner Wenning Second Deputy Chairman	Chairman of the Supervisory Board of Bayer AG	October 21, 1946	January 23, 2013	German positions: <ul style="list-style-type: none"> ➤ Bayer AG, Leverkusen (Chairman) ➤ Henkel AG & Co. KGaA, Düsseldorf¹ ➤ Henkel Management AG, Düsseldorf
Olaf Bolduan* (until January 31, 2018)	Former Chairman of the Works Council of Siemens Dynamowerk, Berlin	July 24, 1952	July 11, 2014	
Werner Brandt, Dr. rer. pol. (since January 31, 2018)	Chairman of the Supervisory Board of RWE AG and ProSiebenSat.1 Media SE	January 3, 1954	January 31, 2018	German positions: <ul style="list-style-type: none"> ➤ ProSiebenSat.1 Media SE, Munich (Chairman) ➤ RWE AG, Essen (Chairman)
Gerhard Cromme, Dr. iur. former Chairman (until January 31, 2018)	Supervisory Board Member	February 25, 1943	January 23, 2003	Positions outside Germany: ² <ul style="list-style-type: none"> ➤ AUTO1 N.V., Netherlands (Chairman) ➤ ODDO BHF SCA, France (Co-Chairman)
Michael Diekmann	Chairman of the Supervisory Board of Allianz SE	December 23, 1954	January 24, 2008	German positions: <ul style="list-style-type: none"> ➤ Allianz SE, Munich (Chairman) ➤ BASF SE, Ludwigshafen am Rhein (Deputy Chairman) ➤ Fresenius Management SE, Bad Homburg ➤ Fresenius SE & Co. KGaA, Bad Homburg (Deputy Chairman)
Andrea Fehrmann, Dr. phil.* (since January 31, 2018)	Trade Union Secretary, IG Metall Regional Office for Bavaria	June 21, 1970	January 31, 2018	
Hans Michael Gaul, Dr. iur. (until January 31, 2018)	Supervisory Board Member	March 2, 1942	January 24, 2008	German positions: ² <ul style="list-style-type: none"> ➤ HSBC Trinkaus & Burkhardt AG, Düsseldorf
Reinhard Hahn*	Trade Union Secretary of the Managing Board of IG Metall	June 24, 1956	January 27, 2015	German positions: <ul style="list-style-type: none"> ➤ Siemens Healthcare GmbH, Munich
Bettina Haller*	Chairwoman of the Combine Works Council of Siemens AG	March 14, 1959	April 1, 2007	
Robert Kensbock*	Deputy Chairman of the Central Works Council of Siemens AG	March 13, 1971	January 23, 2013	
Harald Kern*	Chairman of the Siemens Europe Committee	March 16, 1960	January 24, 2008	
Jürgen Kerner*	Treasurer and full-time member of the Executive Committee of IG Metall	January 22, 1969	January 25, 2012	German positions: <ul style="list-style-type: none"> ➤ Airbus Operations GmbH, Hamburg ➤ Flender GmbH, Bocholt ➤ MAN Energy Solutions SE, Augsburg ➤ MAN SE, Munich (Deputy Chairman) ➤ Premium Aerotec GmbH, Augsburg (Deputy Chairman)

¹ Shareholders' Committee.

² As of January 31, 2018.

³ Group company position.

Name	Occupation	Date of birth	Member since	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, 2018)
Nicola Leibinger-Kammüller, Dr. phil.	Managing Partner and CEO of TRUMPF GmbH + Co. KG	December 15, 1959	January 24, 2008	German positions: > Axel Springer SE, Berlin Positions outside Germany: > TRUMPF Schweiz AG, Switzerland ³
Gérard Mestrallet (until January 31, 2018)	Honorary Chairman of ENGIE S.A.	April 1, 1949	January 23, 2013	Positions outside Germany: ² > ENGIE S.A., France (Chairman) > Société Générale S.A., France > Suez S.A., France (Chairman)
Benoît Potier (since January 31, 2018)	Chairman and Chief Executive Officer of Air Liquide S.A.	September 3, 1957	January 31, 2018	Positions outside Germany: > Air Liquide International S.A., France (Chairman and Chief Executive Officer) ³ > Air Liquide International Corporation (ALIC), USA (Chairman) ³ > American Air Liquide Holdings, Inc., USA ³ > Danone S.A., France
Norbert Reithofer, Dr.-Ing. Dr.-Ing. E. h.	Chairman of the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft	May 29, 1956	January 27, 2015	German positions: > Bayerische Motoren Werke Aktiengesellschaft, Munich (Chairman) > Henkel AG & Co. KGaA, Düsseldorf ¹
Güler Sabancı (until January 31, 2018)	Chairwoman and Executive Member of Hacı Ömer Sabancı Holding A.Ş.	August 14, 1955	January 23, 2013	
Dame Nemat Talaat Shafik (since January 31, 2018)	Director of the London School of Economics	August 13, 1962	January 31, 2018	
Nathalie von Siemens, Dr. phil.	Managing Director and Spokesperson of Siemens Stiftung	July 14, 1971	January 27, 2015	German positions: > Messer Group GmbH, Sulzbach > Siemens Healthcare GmbH, Munich > Siemens Healthineers AG, Munich
Michael Sigmund*	Chairman of the Committee of Spokespersons of the Siemens Group; Chairman of the Central Committee of Spokespersons of Siemens AG	September 13, 1957	March 1, 2014	
Dorothea Simon*	Chairwoman of the Central Works Council of Siemens Healthcare GmbH	August 3, 1969	October 1, 2017	German positions: > Siemens Healthcare GmbH, Munich
Sibylle Wankel* (until January 31, 2018)	General Counsel, Managing Board of IG Metall	March 3, 1964	April 1, 2009	German positions: ² > Daimler AG, Stuttgart
Matthias Zachert (since January 31, 2018)	Chairman of the Board of Management of LANXESS AG	November 8, 1967	January 31, 2018	Positions outside Germany: > ARLANXEO Holding B.V., Netherlands (Chairman of the Shareholders' Committee) ^{1,3}
Gunnar Zukunft* (since January 31, 2018)	Deputy Chairman of the Central Works Council of Siemens Industry Software GmbH	June 21, 1965	January 31, 2018	German positions: > Siemens Industry Software GmbH, Cologne (Deputy Chairman)

¹ Shareholders' Committee.

² As of January 31, 2018.

³ Group company position.

Supervisory Board Committees

The Supervisory Board has seven committees, whose duties, responsibilities and procedures fulfill the requirements of the German Stock Corporation Act (*Aktiengesetz*) and the 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. 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 defined by the Supervisory Board and the diversity concept for the Managing Board 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 Report as well as the Report of the Supervisory Board to the Annual Shareholders' Meeting. 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, 2018, 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 by 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, 2018, the Compensation Committee comprised Werner Wenning (Chairman), Michael Diekmann, Robert Kensbock, Jürgen Kerner, Jim Hagemann Snabe and Birgit Steinborn.

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, the Combined Management Report of Siemens AG and the Siemens Group. 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' report 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 the internal control, risk management and the internal audit systems. The Audit Committee receives regular reports from the Internal Audit 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.

As of September 30, 2018, the Audit Committee comprised Dr. Werner Brandt (Chairman), Bettina Haller, Robert Kensbock, Jürgen Kerner, Dr. Nicola Leibinger-Kammüller, Jim Hagemann Snabe, Birgit Steinborn and Matthias Zachert. 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, shall be independent and may not be a former Managing Board member whose appointment ended less than two years ago. The Chairman of the Audit Committee, Dr. Werner Brandt, fulfills these requirements.

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

As of September 30, 2018, 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.

The **Nominating Committee** is responsible for making recommendations to the Supervisory Board on suitable candidates for election by the Annual Shareholders' Meeting as 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, 2018, 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, 2018, the Mediation Committee comprised Jim Hagemann Snabe (Chairman), Jürgen Kerner, Birgit Steinborn and Werner Wenning.

The **Innovation and Finance Committee** discusses, in particular, based on the Company's overall strategy, the Company's focuses of innovation 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, 2018, the Innovation and Finance Committee comprised Jim Hagemann Snabe (Chairman), Robert Kensbock, Harald Kern, Jürgen Kerner, Dr.-Ing. Dr.-Ing. E.h. Norbert Reithofer, Dr. Nathalie von Siemens, Birgit Steinborn and Werner Wenning.

Disclosure of participation by individual Supervisory Board members in meetings of the Supervisory Board of Siemens AG and its committees in fiscal 2018

Supervisory Board members	Supervisory Board and Committee meetings	Participation	Presence
Jim Hagemann Snabe (Chairman)	34	34	100%
Birgit Steinborn (First Deputy Chairwoman)	38	38	100%
Werner Wenning (Second Deputy Chairman)	29	29	100%
Olaf Bolduan (until January 31, 2018)	3	3	100%
Werner Brandt, Dr. (since January 31, 2018)	10	10	100%
Gerhard Cromme, Dr. (until January 31, 2018) (former Chairman)	15	15	100%
Michael Diekmann	11	11	100%
Andrea Fehrmann, Dr. (since January 31, 2018)	5	5	100%
Hans Michael Gaul, Dr. (until January 31, 2018)	9	9	100%
Reinhard Hahn	8	8	100%
Bettina Haller	18	16	88.9%
Robert Kensbock	21	21	100%
Harald Kern	16	16	100%

Jürgen Kerner	36	36	100%
Nicola Leibinger-Kammüller, Dr.	19	19	100%
Gérard Mestrallet (until January 31, 2018)	3	3	100%
Benoît Potier (since January 31, 2018)	5	5	100%
Norbert Reithofer, Dr.-Ing. Dr.-Ing. E.h.	12	11	91.7%
Güler Sabancı (until January 31, 2018)	3	3	100%
Dame Nemat Talaat Shafik (since January 31, 2018)	5	5	100%
Nathalie von Siemens, Dr.	10	10	100%
Michael Sigmund	8	8	100%
Dorothea Simon	8	8	100%
Sibylle Wankel (until January 31, 2018)	5	5	100%
Matthias Zachert (since January 31, 2018)	10	8	80%
Gunnar Zukunft (since January 31, 2018)	5	5	100%

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 derivatives or financial instruments linked thereto, if the total value of such transactions entered into by a board member or any closely associated person reaches or exceeds €5,000 in any calendar year. All transactions reported to Siemens AG in accordance with this requirement have been duly published and are available on the Company's website at: www.siemens.com/directors-dealings

Details regarding transactions with members of the Managing and Supervisory Boards as related persons 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 unappropriated net income, the ratification of the acts 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 are 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 proposals 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 our website. The same applies to the agenda for the Annual Shareholders' Meeting and to any counterproposals or shareholders' nominations that require disclosure. For the election of shareholder representatives on the Supervisory Board, a detailed curriculum vitae of every candidate is published.

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

Our Articles of Association, the Bylaws for the Supervisory Board, the Bylaws for the most important Supervisory Board committees, the Bylaws for the Managing Board, all our Declarations of Conformity with the Code and a variety of other corporate-governance-related documents are posted on our website at: 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 sentence 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.

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, 2018:

“Declaration of Conformity by the Managing Board and the Supervisory Board of Siemens Aktiengesellschaft with the German Corporate Governance Code

Siemens AG fully complies and will continue to comply with the recommendations of the German Corporate Governance Code (“Code”) in the version of February 7, 2017, published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (*“Bundesanzeiger”*).

Since making its last Declaration of Conformity dated October 1, 2017, Siemens AG has complied with the recommendations of the Code.

Berlin and Munich, October 1, 2018

Siemens Aktiengesellschaft

The Managing Board The Supervisory Board”

C.4.2.2 INFORMATION ON CORPORATE GOVERNANCE PRACTICES

Suggestions of the Code

Siemens voluntarily complies with the Code’s non-binding suggestions, with the following exception:

Pursuant to Section 3.7 para. 3 of the Code, in the case of a takeover offer, the management 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.

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

Our Company’s values and Business Conduct Guidelines

In the 171 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 electrification, automation and digitalization. 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 maintain our successful activities. 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 corporate values of being “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 functions and operation of the Managing Board and the Supervisory Board can be found in chapter → **C.4.1 MANAGEMENT AND CONTROL STRUCTURE**. Further details can be derived from the bylaws for the corporate bodies concerned.

This information and these documents, including the Code and the Business Conduct Guidelines, are available at: www.siemens.com/289F

C.4.2.4 TARGETS FOR THE QUOTA OF WOMEN ON THE MANAGING BOARD AND AT THE TWO MANAGEMENT LEVELS IMMEDIATELY BELOW THE MANAGING BOARD; INFORMATION ON SUPERVISORY BOARD COMPLIANCE WITH MINIMUM GENDER QUOTA REQUIREMENTS

At Siemens AG, the target for the share of women on the Managing Board has been set at a minimum of 2/8, and the corresponding target for each of the two management levels immediately below the Managing Board has been set 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

The Supervisory Board, with the support of the Chairman's Committee and in consultation with the Managing Board, ensures long-term succession planning for appointments to the Managing Board. In September 2018, the Supervisory Board approved the following diversity concept for the composition of the Managing Board. This concept also takes into account the recommendations of the Code.

"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 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% (2/8) 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/or the Chairman's Committee of the Supervisory Board take into account the requirements defined in the diversity concept for the Managing Board.

With its current membership, the Managing Board meets all the requirements of its diversity concept. 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.

In fiscal 2018, the Managing Board comprised two women and six men. In fiscal 2018, the proportion of women on the Managing Board therefore met the target set by the Supervisory Board and applies until June 30, 2022. Different age groups are represented on the Managing Board. No Managing Board member is currently older than 63 years of age.

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

The diversity concept for the Supervisory Board, together with the objectives regarding the Supervisory Board's composition and the profile of required skills and expertise for the Supervisory Board, were approved by the Supervisory Board in September 2018:

"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 neces-

sary to carry out the functions of a Supervisory Board member in a multinational company and 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 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, the Supervisory Board is composed of at least 30 percent women and at least 30 percent men. The Nominating Committee shall continue to include at least one female member.

Independence

An adequate number of independent members shall belong to the Supervisory Board. Material and not merely temporary conflicts of interest, such as advisory or governing-body functions at major competitors of the Company, shall be avoided. Under the presumption that the mere exercise of Supervisory Board duties as an employee representative gives no cause to doubt compliance with the independence criteria pursuant to Section 5.4.2 of the Code, the Supervisory Board shall have a minimum of sixteen members who are independent in the meaning of the Code. In any case, the Supervisory Board shall be composed in such a way that a number of at least six independent shareholder representatives in the meaning of Section 5.4.2 of the Code is achieved.

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 (15 years). The aim is to ensure that the Supervisory Board has an appropriate age structure.”

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. Most recently, the Supervisory Board took into account the objectives, including those relating to the profile of required skills and expertise, when proposing candidates for election as shareholder representatives to the Annual Shareholders’ Meeting in 2018. The curricula vitae of the candidates were published on the Siemens Global Website prior to the Annual Shareholders’ Meeting to enable their skills and expertise to be assessed and compared to the objectives.

With its current membership, the Supervisory Board 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 2018, 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.

The Supervisory Board also has an adequate number of independent members. In the opinion of the Supervisory Board, there are currently at least 18 Supervisory Board members who are independent in the meaning of Section 5.4.2 of the Code. Of these independent members, at least eight – namely, Dr. Werner Brandt, Michael Diekmann, Benoît Potier, Dr.-Ing. Dr.-Ing. E.h. Norbert Reithofer, Dame Nemat Talaat Shafik, Jim Hagemann Snabe, Werner Wenning and Matthias Zachert – are shareholder representatives. The regulations establishing limits on age and restricting membership in the Supervisory Board to three full terms of office (15 years) are complied with.