

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 Company's 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 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 consideration and, in particular, aims for an appropriate consideration of women and internationality.

The Supervisory Board has defined for a second time a target for the proportion of women in the Managing Board of Siemens AG and has set a deadline for its attainment. The Managing Board has defined again targets for the proportion of women at the two management levels below the Managing Board and has set a deadline for their attainment. Details 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 Managing Board has one committee, the Equity and Compensation Committee. This committee, to which the former Equity and Employee Stock Committee has been transferred, comprises the President and CEO, the Chief Financial Officer, the Chief Human Resources Officer and, as a consultative member, the Chief of Staff of Siemens AG. It is responsible for the duties assigned to it by decision of the Managing Board and has assumed the duties previously assigned to the Equity and Employee Stock Committee – 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 Joe Kaeser (Chairman), Dr. Ralf P. Thomas, Janina Kugel and, as a consultative member, Mariel von Schumann (as of September 30, 2017).

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 2017, 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, 2017)	Group company positions (as of September 30, 2017)
Joe Kaeser President and Chief Executive Officer	June 23, 1957	May 1, 2006	At the end of the 2021 Annual Shareholders' Meeting	German positions: <ul style="list-style-type: none"> › Allianz Deutschland AG, Munich › Daimler AG, Stuttgart Positions outside Germany: <ul style="list-style-type: none"> › NXP Semiconductors B.V., Netherlands 	Positions outside Germany: <ul style="list-style-type: none"> › Siemens Ltd., India
Roland Busch, Dr. rer. nat.	November 22, 1964	April 1, 2011	March 31, 2021	German positions: <ul style="list-style-type: none"> › OSRAM Licht AG, Munich (Deputy Chairman) › OSRAM GmbH, Munich (Deputy Chairman) Positions outside Germany: <ul style="list-style-type: none"> › Atos SE, France 	German positions: <ul style="list-style-type: none"> › Siemens Postal, Parcel & Airport Logistics GmbH, Constance Positions outside Germany: <ul style="list-style-type: none"> › 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: <ul style="list-style-type: none"> › Penske Automotive Group Inc., USA 	Positions outside Germany: <ul style="list-style-type: none"> › 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: <ul style="list-style-type: none"> › Deutsche Messe AG, Hanover › EOS Holding AG, Krailling › inpro Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH, Berlin 	Positions outside Germany: <ul style="list-style-type: none"> › Siemens AB, Sweden (Chairman) › Siemens Aktiengesellschaft Österreich, Austria (Chairman) › Siemens Proprietary Ltd., South Africa (Chairman) › Siemens Schweiz AG, Switzerland (Chairman)
Janina Kugel	January 12, 1970	February 1, 2015	January 31, 2020	German positions: <ul style="list-style-type: none"> › Pensions-Sicherungs-Verein Versicherungsverein auf Gegenseitigkeit, Cologne Positions outside Germany: <ul style="list-style-type: none"> › Konecranes Plc., Finland 	German positions: <ul style="list-style-type: none"> › Siemens Healthcare GmbH, Munich
Cedrik Neike	March 7, 1973	April 1, 2017	May 31, 2020		Positions outside Germany: <ul style="list-style-type: none"> › Siemens Ltd., China (Chairman) › Siemens Ltd., India
Siegfried Russwurm, Prof. Dr.-Ing. (until March 31, 2017)	June 27, 1963	January 1, 2008	March 31, 2017		
Michael Sen	November 17, 1968	April 1, 2017	March 31, 2022		German positions: <ul style="list-style-type: none"> › Siemens Healthcare GmbH, Munich Positions outside Germany: <ul style="list-style-type: none"> › Siemens Gamesa Renewable Energy S.A., Spain
Ralf P. Thomas, Dr. rer. pol.	March 7, 1961	September 18, 2013	September 17, 2023		German positions: <ul style="list-style-type: none"> › Siemens Healthcare GmbH, Munich Positions outside Germany: <ul style="list-style-type: none"> › 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 and 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, concern themselves 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. In the Bylaws for the Managing Board, the Supervisory Board has established the rules that govern the Managing Board's work.

Information on the work of the Supervisory Board is 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. The compensation paid to the members of the Supervisory Board is provided in chapter → **A.10 COMPENSATION REPORT**.

The Supervisory Board of Siemens AG has 20 members. As stipulated by the German Codetermination Act (*Mitbestimmungsgesetz*), half of the members represent Company shareholders, and half represent Company employees. The employee representatives' names are marked below with an asterisk (*). In general, the terms of office of the current Supervisory Board members will expire at the conclusion of the Annual Shareholders' Meeting in 2018. The terms of office of Dr. Nicola Leibinger-Kammüller, Jim Hagemann Snabe and Werner Wenning will expire at the conclusion of the Annual Shareholders' Meeting in 2021. Effective from October 1, 2017, until the end of the ordinary Annual Shareholders' Meeting on January 31, 2018, Dorothea Simon has been appointed by court order as employee representative on the Supervisory Board. She succeeds Hans-Jürgen Hartung, who left the Supervisory Board at the end of September 30, 2017. The future Supervisory Board's employee representatives were newly elected on October 5, 2017, in accordance with the provisions of the German Codetermination Act (*Mitbestimmungsgesetz*). Their election will take effect at the end of the ordinary Annual Shareholders' Meeting on January 31, 2018.

Members of the Supervisory Board and positions held by Supervisory Board members

In fiscal 2017, 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, 2017)
Gerhard Cromme, Dr. iur. Chairman	Chairman of the Supervisory Board of Siemens AG	February 25, 1943	January 23, 2003	Positions outside Germany: > AUTO1 N.V., Netherlands (Chairman) > ODDO BHF SCA, France (Co-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: > Bayer AG, Leverkusen (Chairman) > Henkel AG & Co. KGaA, Düsseldorf ¹ > Henkel Management AG, Düsseldorf
Olaf Bolduan*	Chairman of the Works Council of Siemens Dynamowerk, Berlin, Germany	July 24, 1952	July 11, 2014	
Michael Diekmann	Chairman of the Supervisory Board of Allianz SE	December 23, 1954	January 24, 2008	German positions: > Allianz SE, Munich (Chairman) > BASF SE, Ludwigshafen am Rhein (Deputy Chairman) > Fresenius Management SE, Bad Homburg > Fresenius SE & Co. KGaA, Bad Homburg (Deputy Chairman)

¹ Shareholders' Committee.

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, 2017)
Hans Michael Gaul, Dr. iur.	Supervisory Board Member	March 2, 1942	January 24, 2008	German positions: <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	
Hans-Jürgen Hartung* (until September 30, 2017)	Member of the Works Council of Siemens Erlangen Süd, Germany	March 10, 1952	January 27, 2009	
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 › MAN Diesel & Turbo SE, Augsburg › MAN SE, Munich (Deputy Chairman) › Premium Aerotec GmbH, Augsburg (Deputy Chairman)
Nicola Leibinger-Kammüller, Dr. phil.	President and Chairwoman of the Managing Board of TRUMPF GmbH + Co. KG	December 15, 1959	January 24, 2008	German positions: <ul style="list-style-type: none"> › Axel Springer SE, Berlin › Voith GmbH, Heidenheim
Gérard Mestrallet	Chairman of the Board of Directors of ENGIE S.A.	April 1, 1949	January 23, 2013	Positions outside Germany: <ul style="list-style-type: none"> › ENGIE S.A., France (Chairman) › Société Générale S.A., France › Suez S.A., France (Chairman)
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: <ul style="list-style-type: none"> › Bayerische Motoren Werke Aktiengesellschaft, Munich (Chairman) › Henkel AG & Co. KGaA, Düsseldorf¹
Güler Sabancı	Chairwoman and Managing Director of Hacı Ömer Sabancı Holding A.Ş.	August 14, 1955	January 23, 2013	
Nathalie von Siemens, Dr. phil.	Managing Director and Spokesperson of Siemens Stiftung	July 14, 1971	January 27, 2015	German positions: <ul style="list-style-type: none"> › Messer Group GmbH, Sulzbach › Siemens Healthcare GmbH, 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* (since October 1, 2017)	Chairwoman of the Central Works Council of Siemens Healthcare GmbH	August 3, 1969	October 1, 2017	German positions: <ul style="list-style-type: none"> › Siemens Healthcare GmbH, Munich
Jim Hagemann Snaab	Chairman 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)
Sibylle Wankel*	General Counsel, Managing Board of IG Metall	March 3, 1964	April 1, 2009	German positions: <ul style="list-style-type: none"> › Daimler AG, Stuttgart

¹ Shareholders' Committee.

Objectives of the Supervisory Board's composition and profile of required skills and expertise of the Supervisory Board

On September 20, 2017, the Supervisory Board – taking into account the recommendations of the German Corporate Governance Code (Code) – newly approved the objectives of its composition, including a profile of the skills and expertise that the Supervisory Board should possess. The composition of the Supervisory Board of Siemens AG shall be such that qualified control and advice for the Managing Board is ensured.

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 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, religion and ethnic background 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 Law for Equal Participation of Women and Men in Management Positions in the Private and Public Sectors (*Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst*), 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 governing or advisory 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 be able 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 and range of experience.

Status of implementation of the objectives of the Supervisory Board's composition and profile of required skills and expertise; independent Supervisory Board members

With its current membership, the Supervisory Board meets all the above-mentioned objectives for its composition and fulfills the profile of required skills and expertise. 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 2017, the Supervisory Board had six female members. Since October 1, 2017, it has had seven female members, of whom three are shareholder representatives and four are employee representatives. The mandatory minimum quota stipulated in Section 96, para. 2, sent. 1 of the German Stock Corporation Act (*Aktiengesetz*) has therefore been met. 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 17 Supervisory Board members who are independent in the meaning of Section 5.4.2 of the Code. Of these independent members, at least seven – namely, Michael Diekmann, Dr. Hans Michael Gaul, Gérard Mestrallet, Dr. Norbert Reithofer, Güler Sabancı, Jim Hagemann Snabe and Werner Wenning – are shareholder representatives. The regulations establishing limits on age and limiting membership in the Supervisory Board to three full terms of office (15 years) are complied with.

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 handles 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 on 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, 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 specified 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.

In fiscal 2017, the Chairman's Committee comprised Dr. Gerhard Cromme (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.

In fiscal 2017, the Compensation Committee comprised Werner Wenning (Chairman), Dr. Gerhard Cromme, Michael Diekmann, Robert Kensbock, Jürgen Kerner 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 and 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. 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.

In fiscal 2017, the Audit Committee comprised Dr. Hans Michael Gaul (Chairman), Dr. Gerhard Cromme, Bettina Haller, Robert Kensbock, Jürgen Kerner, Dr. Nicola Leibinger-Kammüller, Jim Hagemann Snabe and Birgit Steinborn. 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. Hans Michael Gaul, 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).

In fiscal 2017, the Compliance Committee comprised Dr. Gerhard Cromme (Chairman), Dr. Hans Michael Gaul, Bettina Haller, Harald Kern, Dr. Nicola Leibinger-Kammüller, Jim Hagemann Snabe, Birgit Steinborn and Sibylle Wankel.

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 – 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.

In fiscal 2017, the Nominating Committee comprised Dr. Gerhard Cromme (Chairman), Dr. Hans Michael Gaul, Dr. Nicola Leibinger-Kammüller 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.

In fiscal 2017, the Mediation Committee comprised Dr. Gerhard Cromme (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.

In fiscal 2017, the Innovation and Finance Committee comprised Dr. Gerhard Cromme (Chairman), Robert Kensbock, Harald Kern, Jürgen Kerner, Dr. Norbert Reithofer, Jim Hagemann Snabe, 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 2017

Supervisory Board Members	Supervisory Board and Committee meetings	Participation	Presence
Gerhard Cromme, Dr. iur. (Chairman)	38	38	100%
Birgit Steinborn (First Deputy Chairwoman)	32	32	100%
Werner Wenning (Second Deputy Chairman)	28	28	100%
Olaf Bolduan	7	7	100%
Michael Diekmann	10	9	90%
Hans Michael Gaul, Dr. iur.	23	23	100%
Reinhard Hahn	7	7	100%
Bettina Haller	17	14	82%
Hans-Jürgen Hartung	7	7	100%
Robert Kensbock	21	21	100%
Harald Kern	16	13	81%
Jürgen Kerner	28	27	96%
Nicola Leibinger-Kammüller, Dr. phil.	23	22	96%
Gérard Mestrallet	7	7	100%
Norbert Reithofer, Dr.-Ing. Dr.-Ing. E.h.	12	11	92%
Güler Sabancı	7	7	100%
Nathalie von Siemens, Dr. phil.	7	7	100%
Michael Sigmund	7	7	100%
Jim Hagemann Snabe	22	21	95%
Sibylle Wanke	11	11	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 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

C.4.1.4 ANNUAL SHAREHOLDERS' MEETING AND INVESTOR RELATIONS

Shareholders exercise their rights in 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. 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. 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, may be downloaded from our website. The same applies to the agenda for the Annual Shareholders' Meeting and to any counter-proposals or shareholders' nominations that require disclosure.

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 289a and 315 para. 5 of the German Commercial Code

The Corporate Governance statement pursuant to Sections 289a and 315 para. 5 of the German Commercial Code (*Handelsgesetzbuch*) is an integral part of the Combined Management Report. In accordance with Section 317 para. 2 sentence 4 of the German Commercial Code, the disclosures made within the scope of Sections 289a and 315 para. 5 of the German Commercial Code are not subject to the audit by the auditors.

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, 2017:

"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 in the official section of the Federal Gazette ("*Bundesanzeiger*").

Since making its last Declaration of Conformity dated October 1, 2016, Siemens AG has complied with the recommendations of the Code.

Berlin and Munich, October 1, 2017

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, a 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 170 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 one of the leading companies in electronics and electrical engineering. It is top performance with the highest ethics that has made Siemens strong. This is what the Company should 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/289A

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. Due to the appointment of Mr. Neike and Mr. Sen to the expanded Managing Board, which now has eight members, the target for the Managing Board of 2/7 until June 30, 2017 has been missed since April 1, 2017. The target for the share of women for each of the two management levels immediately below the Managing Board at 10% was fulfilled until June 30, 2017. Until June 30, 2017, assignments to those two management levels were based on a global system of position levels. At the end of the reporting period, the company completely abolished this global system of position levels. As a result, the management levels on which the new targets are based have been redefined, and the new targets are not comparable to those in effect up to June 30, 2017.

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