

Report on the audit of the spin-off
of a portion of the Assets of
Siemens Aktiengesellschaft,
Berlin and Munich,
to
Siemens Energy AG,
Munich,
pursuant to Section 125 in conjunction with Sections 9
et seq. UmwG

THIS IS AN ENGLISH TRANSLATION OF THE GERMAN TEXT, WHICH IS THE
SOLE AUTHORITATIVE VERSION. IN CASE OF ANY DISCREPANCY BETWEEN
THE ENGLISH AND GERMAN VERSIONS, THE GERMAN-LANGUAGE ORIGINAL
SHALL PREVAIL.

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- Annex** General Engagement Terms for German Public Auditors and Public Audit Firms [*Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften*]

List of Abbreviations

<i>AG</i>	<i>German Stock Corporation [Aktiengesellschaft]</i>
<i>AktG</i>	<i>German Stock Corporation Act [Aktiengesetz]</i>
<i>approx.</i>	<i>approximately</i>
<i>Art.</i>	<i>article</i>
<i>Baker Tilly</i>	<i>Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft</i>
<i>Deed. no.</i>	<i>register of documents number</i>
<i>e. V.</i>	<i>registered association [eingetragener Verein]</i>
<i>EC</i>	<i>European Community</i>
<i>General Partner GmbH</i>	<i>Siemens Gas and Power Management GmbH</i>
<i>GmbH</i>	<i>German Company with Limited Liability [Gesellschaft mit beschränkter Haftung]</i>
<i>HFA</i>	<i>Main Committee of the IDW</i>
<i>HGB</i>	<i>German Commercial Code [Handelsgesetzbuch]</i>
<i>HRA or HRB</i>	<i>Section A or Section B of the German register of companies</i>
<i>i.e.</i>	<i>id est</i>
<i>IDW</i>	<i>Institution of Accountants in Germany [Institut der Wirtschaftsprüfer in Deutschland e. V.]</i>
<i>mio.</i>	<i>millions</i>
<i>no.</i>	<i>number</i>
<i>p. / pp.</i>	<i>page / pages</i>
<i>para.</i>	<i>paragraph</i>

Siemens Energy KG

Siemens Gas and Power GmbH & Co. KG (in the future named Siemens Energy Global GmbH & Co. KG)

UmwG

*German Transformation Act
[Umwandlungsgesetz – “UmwG”]*

1. Mandate and conduct of the mandate

The company

**Siemens Aktiengesellschaft,
Berlin and Munich**
(hereinafter also referred to as the "**Transferring Entity**")

intends to transfer a portion of its assets in a spin-off for absorption [*Abspaltung zur Aufnahme*] by transferring this portion as an entirety to

**Siemens Energy AG,
Munich**
(hereinafter also referred to as the "**Receiving Entity**")

in exchange for the grant of shares in Siemens Energy AG to the shareholders of Siemens Aktiengesellschaft pursuant to Section 123 (2) no. 1 German Transformation Act [*Umwandlungsgesetz*] (hereinafter, the "**UmwG**").

The spin-off involves a partial limited partnership interest of Siemens Aktiengesellschaft representing a portion in an amount of € 96,199,583.15 of the fixed capital of Siemens Gas and Power GmbH & Co. KG (in the future named "Siemens Energy Global GmbH & Co. KG"; hereinafter also "**Siemens Energy KG**"), Munich, registered in the register of companies at the district court Munich under HRA 111200, which corresponds to 55 % of the entire fixed capital of Siemens Energy KG, as well as 13,750 shares, each with a nominal value of € 1.00, held by Siemens Aktiengesellschaft in the general partner of Siemens Energy KG, Siemens Gas and Power Management GmbH, Munich, registered in the register of companies at the district court Munich under HRB 241345 (hereinafter also the "**General Partner GmbH**"), which correspond to 55 % of the total share capital of the General Partner GmbH (hereinafter together, also the "**Spin-off Assets**").

Siemens Aktiengesellschaft and Siemens Energy AG concluded a Spin-off and Transfer Agreement on 22 May 2020 (deed. no. 1167 G/2020 of the notary Dr. Tilman Götte, Munich), which must be audited pursuant to Sections 125, 60 in conjunction with Section 9 UmwG by an expert auditor to be chosen and appointed by the court.

Upon the joint request of the managing boards of Siemens Aktiengesellschaft and Siemens Energy AG (at that time still named "Kyros 52 Aktiengesellschaft"), the regional

court Munich I, 5th Chamber for Commercial Matters, chose and appointed Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, (hereinafter, also "**Baker Tilly**") as the joint spin-off auditor in an order dated 22 January 2020 pursuant to Sections 125, 60 in conjunction with Section 10 (1) UmwG. (Annex 1).

The extraordinary shareholders' meeting of Siemens Aktiengesellschaft is supposed to adopt a resolution about the consent to the Spin-off and Transfer Agreement on 9 July 2020 pursuant to Section 125 sentence 1 in conjunction with Sections 13 (1), 65 (1) UmwG. The consent by the shareholders' meeting of Siemens Energy AG is supposed to be issued beforehand.

The transfer of the Spin-off Assets will take place in the relationship between Siemens Aktiengesellschaft and Siemens Energy AG effective as of 1 April 2020, 0:00 hours (the "**Spin-off Effective Date**"). Starting at that point in time, the actions related to the Spin-off Assets are deemed to have been made for the account of Siemens Energy AG in the relationship between Siemens Aktiengesellschaft and Siemens Energy AG.

We had primarily the following documents when conducting our audit:

- Spin-off and Transfer Agreement together with annexes dated 22 May 2020 (deed. no. 1167 G/2020 of the notary Dr. Tilman Götte, Munich) as well as the previous drafts;
- Joint Report of the managing boards of Siemens Aktiengesellschaft, Berlin and Munich, and Siemens Energy AG, Munich, on the spin-off of a majority interest in Siemens Gas and Power GmbH & Co. KG and its General Partner, including the Siemens Energy Business bundled in that company pursuant to Section 127 sentence 1 UmwG dated 22 May 2020 (hereinafter, also the "**Joint Spin-off Report**") as well as the previous drafts;
- Interim statement of financial position of Siemens Aktiengesellschaft as of 31 March 2020, 24:00 hours, audited and fully certified by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart (hereinafter, also the "**Closing statement of financial position**" pursuant to Section 125 sentence 1 in conjunction with Section 17 (2) UmwG);
- Spin-off statement of financial position as of 1 April 2020, 0:00 hours;
- Excerpts from the securities account statement of UBS Europe SE, Frankfurt am Main, and flatex Bank AG, Frankfurt am Main, about the treasury shares held by Siemens Aktiengesellschaft when the Spin-off and Transfer Agreement is concluded;

- Excerpts from the registers of companies for Siemens Aktiengesellschaft, Siemens Energy AG, Siemens Beteiligungen Inland GmbH, Siemens Gas and Power GmbH & Co. KG, Siemens Gas and Power Management GmbH;
- Articles of association of Siemens Aktiengesellschaft and Siemens Energy AG in the version valid at the point in time when the Spin-off and Transfer Agreement was concluded.

Especially the employees designated by the managing boards of Siemens Aktiengesellschaft and Siemens Energy AG were available to provide information to us. All requested information has been provided to us.

Siemens Aktiengesellschaft and Siemens Energy AG have each issued a declaration of completeness to us and in each case given their assurance in writing that all information and records relevant for our audit, in the opinion of the managing boards, have been fully provided to us and, to the best of the knowledge of the managing boards, are correct.

We conducted our audit in our office in Düsseldorf – with interruptions – from 3 March 2020 until the date of this audit report.

We expressly point out that we have not conducted any audit of the accounts, the annual financial statements or the management of the involved companies. Such audits are not the subject of a contract audit.

The General Engagement Terms for German Public Auditors and Public Audit Firms [*Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften*] in the version dated 1 January 2017 ("**AAB**"), attached to this Report as an Annex, are determinative for the conduct of our mandate and our responsibility, also in the relationship with third parties. Our liability is determined by no. 9 of the General Engagement Terms. No. 1 para. 2 and no. 9 of the General Engagement Terms apply with regard to third parties. Our responsibility towards the companies involved in the spin-off and their shareholders is governed by Sections 125 sentence 1, 11 (2) UmwG in conjunction with Section 323 HGB.

We point out for the avoidance of doubt that, as a deviation from the language in the AAB with regard to no. 9 (2) to and including no. 9 (6), the limits on liability contemplated there do not apply for instances of harm caused by gross negligence.

2. Subject, type and scope of the spin-off audit

The subject of the spin-off audit pursuant to Section 125 sentence 1 in conjunction with Sections 9, 60 UmwG is the Spin-off and Transfer Agreement. This agreement must be audited with regard to completeness and accuracy of the statements contained therein.

With regard to the actions required to audit the **completeness** of the Spin-off and Transfer Agreement, the minimum requirements of the law on transformation in general and specifically with regard to the legal form are determinative.

The following statements constitute the minimum content of the Spin-off and Transfer Agreement in the present case pursuant to Section 126 (1) UmwG:

- the company name and registered office of the legal entities participating in the spin-off;
- the agreement on transferring a portion of the assets of the transferring entity as an entirety to the receiving entity in exchange for a grant of shares;
- the exchange ratio of the shares and, if applicable, the amount of any cash premium at the receiving entity;
- the details of the transfer of the shares of the receiving entity;
- the point in time as of which these shares grant a claim to a participation in the balance sheet profit as well as all special aspects with regard to this claim;
- the point in time as of which the actions of the transferring entity are deemed to have been made for the account of the receiving entity (Spin-off Effective Date);
- the rights which the receiving entity grants to individual shareholders as well as holders of special rights such as non-voting shares, preferred shares, shares with multiple voting rights, bonds and profit-sharing rights, or the measures contemplated for these persons;
- every special benefit granted to a member of a representative board or supervisory board of the entities involved in the spin-off, or a managing shareholder, a partner, an auditor or a spin-off auditor;
- the exact designation and allocation of the items in the assets and liabilities which are being transferred to the receiving entity as well as the operations and parts of operations that are being transferred to the receiving entity;
- the allocation of the shares in the receiving entity to the shareholders in the Transferring Entity as well as the standard for the allocation;
- the consequences of the spin-off for the employees and their representative bodies as well as the measures contemplated in this respect.

Elective components of the Spin-off and Transfer Agreement cannot be audited with regard to completeness due to a lack of statutory requirement, but as parts of the contract these elements are subject to control of accuracy.

The audit of the **accuracy** of the (statutory and elective) statements in the Spin-off and Transfer Agreement addresses whether these statements are correct in substance and free of contradictions. The determinative aspect is that the set of facts forming the basis of the Spin-off and Transfer Agreement corresponds to the actual circumstances and that any forecasts and evaluations are plausible. The general validity and legality of the provisions in the Spin-off and Transfer Agreement are not examined. If objections or concerns with regard to the accuracy and / or validity of individual agreements result on the occasion of the activities involved in the audit, this must be pointed out in the audit report.

The central aspect of the spin-off audit pursuant to Section 126 (1) no. 3 UmwG is the **exchange ratio** set forth in the Spin-off and Transfer Agreement and the reasonableness of this ratio.

Pursuant to Section 125 sentence 1 in conjunction with Section 12 (2) UmwG, the audit report must state in this respect,

- which methods were used to determine the proposed exchange ratio,
- the reasons supporting the reasonableness of applying these methods,
- which exchange ratio or which equivalent would result respectively when applying different methods in each case if more than one method have been applied; it is also required to show at the same time which weight the various methods were given when determining the proposed exchange ratio or the equivalent and the values forming the basis of this weighting and which special difficulties arose when valuing the legal entities.

The situation involving participations at the Transferring Entity will remain unchanged in the spin-off so that the shareholders of the Transferring Entity do not lose or surrender any shares.¹ Against this background, reference is made below to the "**share allocation ratio**" instead of exchange ratio.

The method for determining the allocation ratio is not expressly regulated by law. The provisions in Section 12 (2) UmwG, however, generally assume that enterprise valuations are required.

¹ Gehling in Semler/Stengel, UmwG, 4th edition 2017 on Section 127, no. 33.

As discussed in detail in Section 4.1.3. of our audit report, no comparative enterprise valuation of the Spin-off Assets and the Receiving Entity is needed in the present case to determine the allocation ratio because when viewed economically, the subjects of the valuation are identical, so that the relationship between the enterprise values can be derived directly from the ratio of the interests in Siemens Energy KG as well as its General Partner GmbH.

Since the new shares in the Receiving Entity will also be assumed by the shareholders in the Transferring Entity in the same ratio as they have participations in the Transferring Entity (while preserving this relationship), no (comparative) enterprise valuation is needed.²

Against this background, our audit report does not contain any statements about any valuations that have been carried out, any methodological consistency and premises, the derivation of underlying data and the reasonableness of future estimates or statements concerning particular difficulties in the valuation.

There is accordingly no discussion about sets of facts which are directly related to an enterprise valuation based on a method for determining future success such as, for example, the discounted earnings method, or any discussion concerning the stock exchange price.

The managing boards of the legal entities involved in the spin-off must issue a comprehensive written report pursuant to Section 127 sentence 1 UmwG, in which the spin-off, the details of the contract or its draft and, in the case of spinning off assets, especially the share allocation ratio or the statements about the membership in the receiving entity, the standard for the allocation and any cash compensation to be offered are discussed and explained in legal and economic respects ("spin-off report"). The spin-off report can also be issued jointly by the managing boards of the involved legal entities.

The completeness and accuracy of the **Joint Spin-off Report** dated 22 May 2020 prepared by the managing boards of Siemens Aktiengesellschaft and Siemens Energy AG as well as the appropriateness of the Spin-off and Transfer Agreement are not the subject of our audit. We have only dealt with the Joint Spin-off Report in the course of our work to the extent that it contains material statements about the subject matter of the audit.

² See on this point also Court of Appeals [*Oberlandesgericht*, "OLG"] Düsseldorf dated 22 June 2017, I-6 AktG 1/17, nos. 149 et seq.



We have recorded the nature and scope of our audit proceedings in our working papers. Our audit report reflects the results of our audit of the spin-off.

3. Description of the intended structural measure

3.1. Starting situation

Siemens Aktiengesellschaft with its registered office in Berlin and Munich is registered with the registers of companies at the district court [*Amtsgericht*] of Charlottenburg under registration number HRB 12300 B and with the registers of companies at the district court of Munich under registration number HRB 6684. The capital stock of the company is € 2,550,000,000 and is divided into 850,000,000 common shares (no par-shares). The shares are registered. Siemens Aktiengesellschaft holds 50,690,288 treasury shares at the time the Spin-off and Transfer Agreement is concluded.

Siemens Energy AG (formerly named "Kyros 52 Aktiengesellschaft") with its registered office in Munich is registered with the register of companies at the district court of Munich under registration number HRB 252581. Siemens Energy AG is a 100 % subsidiary of Siemens Aktiengesellschaft when the Spin-off and Transfer Agreement is concluded and has a capital stock in the amount of € 100,000, divided into 100,000 common shares (no par-shares). The shares are registered.

The managing board of Siemens Aktiengesellschaft, acting with the approval of the supervisory board, resolved on 22 May 2020 to consolidate the global gas and power activities that are to be separated from the corporate group consisting of Siemens Aktiengesellschaft and its subsidiaries (hereinafter, also the "**Siemens Group**") as well as the shares held by the Siemens Group in the amount of approximately 67 % in the listed company Siemens Gamesa Renewable Energy, S.A., Zamudio / Spain, (hereinafter together, also the "**Siemens Energy Business**") under Siemens Energy AG.

Siemens Energy AG is supposed to be managed in the future legally and organizationally independent of Siemens Aktiengesellschaft. Siemens Aktiengesellschaft intends, as a non-fully consolidating anchor shareholder, initially to retain a (direct and indirect) minority participation in Siemens Energy AG, the shares of which are to be listed on the stock exchange in the future, in an amount totaling 45 % of the share capital. In connection with the spin-off, Siemens Aktiengesellschaft intends to transfer 9.9 % of its remaining 45 % stake in the capital stock of Siemens Energy AG to Siemens Pension-Trust e.V. During the course of the strategic and operational development of Siemens Energy AG, Siemens Aktiengesellschaft intends to significantly reduce its participation of 35.1 % in Siemens Energy AG in a period of twelve to eighteen months after the spin-off becomes effective.

The remaining shares in Siemens Energy AG are to be transferred to the shareholders of Siemens Aktiengesellschaft by way of a spin-off pursuant to the UmwG while preserving shareholding proportions.

Immediately after the spin-off takes effect, the shares of Siemens Energy AG are supposed to be admitted to trading on the Frankfurt Stock Exchange.

3.2. Preparatory measures

In order to prepare the separation, **in a first step** the Siemens Energy Business was and will be legally and organizationally combined under the roof of Siemens Energy KG.

Siemens Aktiengesellschaft holds a limited partnership interest [*Kommanditanteil*] of approximately 87.98 % or € 153,892,732 of the total fixed capital [*Festkapital*] of Siemens Energy KG which amounts to € 174,908,333 at the time the Spin-off and Transfer Agreement is concluded. Siemens Beteiligungen Inland GmbH, Munich, registered with the register of companies at the district court of Munich under registration number HRB 139644, a 100 % subsidiary of Siemens Aktiengesellschaft, holds the remaining limited partnership interest in the fixed capital amounting to € 21,015,601, i.e. approximately 12.02 % of the total fixed capital of Siemens Energy KG.

The sole personally liable partner (general partner) without an interest in the fixed capital of Siemens Energy KG is General Partner GmbH, whose share capital at the conclusion of the Spin-off and Transfer Agreement is € 25,000 and is divided into 25,000 shares each representing a nominal amount of € 1.00. Siemens Aktiengesellschaft holds upon the time of conclusion of the Spin-off and Transfer Agreement 21,996 shares, i.e. approximately 87.98 % of the total share capital in the General Partner GmbH. Siemens Beteiligungen Inland GmbH holds 3,004 shares upon conclusion of the Spin-off and Transfer Agreement, i.e. approx. 12.02 % of the total share capital in the General Partner GmbH.

In a second step, Siemens Aktiengesellschaft will contribute to Siemens Energy AG a partial limited partnership interest representing a pro rata amount of the fixed capital of Siemens Energy KG of € 57,693,148.85, i.e. approximately 32.98 % of the total fixed capital of Siemens Energy KG, as well as 8,246 shares in the General Partner GmbH with the consecutive numbers 13,751 to 21,996, i.e. approximately 32.98 % of the total share capital in the General Partner GmbH, with economic effect as of the contribution effective date of 1 April 2020, 0:00 hours (subject to a contractually contemplated shift in the effective date of the contribution) in exchange for the issuance of 239,582,401 new no par common shares (registered shares) as well as a cash payment by Siemens

Energy AG to Siemens Aktiengesellschaft in the amount of € 175,746.41, plus any interest that has been credited to bank accounts as well as group-internal settlement accounts [*Verrechnungskonten*] of Siemens Energy AG from 1 April 2020 until and including the date of payout and minus any interest debited during this time. Siemens Energy AG will increase its capital stock of € 100,000 by € 239,582,401 to € 239,682,401 in order to grant the shares to Siemens Aktiengesellschaft.

Siemens Beteiligungen Inland GmbH will contribute to Siemens Energy AG the limited partnership interest held by Siemens Beteiligungen Inland GmbH representing a pro rata amount of the fixed capital of Siemens Energy KG of € 21,015,601, i.e. approximately 12.02 % of the total fixed capital of Siemens Energy KG, as well as the 3,004 shares of Siemens Beteiligungen Inland GmbH in the General Partner GmbH with the consecutive numbers 21,997 to 25,000, i.e. approximately 12.02 % of the total share capital of the General Partner GmbH with economic effect as of the contribution effective date of 1 April 2020, 0:00 hours (subject to a contractually agreed postponement of the contribution date) in exchange for the issuance of 87,307,936 new no par common shares (registered shares) in Siemens Energy AG. Siemens Energy AG, which is still a 100 % subsidiary of Siemens Aktiengesellschaft at this point in time, will increase its capital stock by an additional € 87,307,936 to € 326,990,337 in order to grant these shares.

The contributions will be made in the context of a capital increases in kind pursuant to the Contribution Agreement [*Einbringungsvertrag*] attached to the Spin-off and Transfer Agreement notarized on 22 May 2020, and the contributions are to be carried out prior to the spin-off taking effect.

After the capital increases in kind have been carried out, Siemens Energy AG will hold as its only assets a limited partnership interest representing a pro rata amount of the fixed capital of Siemens Energy AG of € 78,708,749.85, i.e. 45 % of the total fixed capital of Siemens Energy KG, as well as 11,250 shares in the General Partner GmbH, i.e. 45 % of the total share capital in the General Partner GmbH.

A pro rata amount of the fixed capital of Siemens Energy KG in the amount of € 96,199,583.15, i.e. 55 % of the total fixed capital of Siemens Energy KG, and the remaining 55 % of the shares in the General Partner GmbH will be held by Siemens Aktiengesellschaft.

3.3. Spin-off

In accordance with the **Spin-off and Transfer Agreement** concluded between Siemens Aktiengesellschaft and Siemens Energy AG, the partial limited partnership shares still remaining with Siemens Aktiengesellschaft representing a pro rata amount of the fixed capital of Siemens Energy KG of € 96,199,583.15, i.e. 55 % of the total fixed capital of Siemens Energy KG, as well as the shares in the General Partner GmbH with the consecutive numbers 1 to 13,750, i.e. 55 % of the total share capital in the General Partner GmbH still belonging to Siemens Aktiengesellschaft will be transferred to Siemens Energy AG. Siemens Energy AG will accordingly be the sole general partner of Siemens Energy KG and sole shareholder of the General Partner GmbH when the spin-off takes effect.

The shareholders in Siemens Aktiengesellschaft are supposed to be granted by Siemens Energy AG a total of 399,654,856 no par common shares (registered shares) in Siemens Energy AG pursuant to the Spin-off and Transfer Agreement, maintaining the proportionate participations. The allocation ratio is 2 : 1; i.e. the shareholders in Siemens Aktiengesellschaft receive one share in Siemens Energy AG for every two shares in Siemens Aktiengesellschaft. In order to carry out the spin-off, Siemens Energy AG will then increase its capital stock accordingly from € 326,990,337 by € 399,654,856 to € 726,645,193 (hereinafter, also the "**Spin-off Capital Increase**"). The shares to be granted to the shareholders of Siemens Aktiengesellschaft for the purpose of implementing the spin-off will correspond to 55 % of the future capital stock of Siemens Energy AG after the Spin-off Capital Increase and the capital increases in kind described in the previous section. The remaining 45 % of the future capital stock in Siemens Energy AG will be held by Siemens Aktiengesellschaft (32.98 %) and its 100 % subsidiary Siemens Beteiligungen Inland GmbH (12.02 %) when the spin-off takes effect.

Immediately after the spin-off takes effect, all shares in Siemens Energy AG are supposed to be listed for trading in the Regulated Market of the Frankfurt Stock Exchange and additionally in the sub-section of the Regulated Market with additional post-admission duties (Prime Standard) at the Frankfurt Stock Exchange.

4. Audit of the Spin-off and Transfer Agreement

4.1. Completeness and accuracy of the minimum information required by law

4.1.1. Company name and registered office of the involved legal entities (Section 126 (1) no. 1 UmwG)

The company names and registered offices of the legal entities involved in the spin-off are set forth in the Spin-off and Transfer Agreement and in each case correspond to the articles of association of Siemens Aktiengesellschaft and Siemens Energy AG as well as the registrations at the registers of companies maintained at the district courts in Charlottenburg and Munich.

The Spin-off and Transfer Agreement accordingly correctly designates the companies participating in the spin-off together with the required information.

4.1.2. Agreement on the transfer of assets (Section 126 (1) no. 2 UmwG)

Pursuant to Number II., § 1 of the Spin-off and Transfer Agreement, Siemens Aktiengesellschaft is transferring that portion of the assets specified in Number III., § 5, clause 5.1 of the Spin-off and Transfer Agreement, together with all rights and duties (the "**Spin-off Assets**") as an entirety to Siemens Energy AG by way of a spin-off for absorption [*Abspaltung zur Aufnahme*] pursuant to Section 123 (2) no. 1 UmwG, in exchange for the grant of shares in Siemens Energy AG to the shareholders of Siemens Aktiengesellschaft pursuant to Number IV., § 10 of the Spin-off and Transfer Agreement (spin-off for absorption preserving the proportionate shareholdings).

This agreement correctly specifies the transfer of a portion of the assets of Siemens Aktiengesellschaft to Siemens Energy AG by way of a spin-off for absorption.

Upon the spin-off taking effect by registration in the registers of companies of Siemens Aktiengesellschaft as the Transferring Entity, the transfer of the Spin-off Assets will take place with effect *in rem*. It is correctly determined in Number III., § 6 of the Spin-off and Transfer Agreement that the subsequent registration in the registers of companies of Siemens Aktiengesellschaft maintained at the district courts Charlottenburg and Munich is determinative (hereinafter, also the "**Closing Date**").

The Spin-off Assets pursuant to Number III., § 5, clause 5.1 in conjunction with Number I. of the Spin-off and Transfer Agreement consist of a partial limited partnership interest held by Siemens Aktiengesellschaft which represents a portion in the fixed capital of Siemens Energy KG in the amount of € 96,199,583.15 (corresponding to 55 %

of the total fixed capital of Siemens Energy KG) as well as 13,750 of the shares held by Siemens Aktiengesellschaft with the consecutive numbers 1 to 13,750 in the General Partner GmbH (corresponding to 55 % of the total share capital of the General Partner GmbH).

It is additionally made clear that the transfer of the interests in each case takes place together with all related rights and duties. In the case of the interests in Siemens Energy KG, this includes in particular the claim for all profits attributable to the partial limited partnership interest that have not yet been withdrawn. The transfer includes the balance in the private account of Siemens Aktiengesellschaft attributable to the partial limited partnership interest as well as the amount of the jointly bound reserve account of Siemens Aktiengesellschaft at Siemens Energy KG corresponding to the portion of the fixed capital. In the case of the participation in the General Partner GmbH, this also includes the claim for distribution of all profits that have not yet been distributed.

According to the documents presented to us, the statements concerning the Spin-off Assets are correct with regard to the content of the statements.

4.1.3. Share allocation ratio (Section 126 (1) no. 3 UmwG)

The shareholders of Siemens Aktiengesellschaft receive as consideration for the transfer of the Spin-off Assets of Siemens Aktiengesellschaft to Siemens Energy AG pursuant to Number IV., § 10, clause 10.1 of the Spin-off and Transfer Agreement pursuant to the previous participation of the shareholders (preserving the proportionate participations) one no par common share (registered share) in Siemens Energy AG free of costs for every two no par common shares (registered shares) in Siemens Aktiengesellschaft. An additional Payment will not be made.

The **share allocation ratio** determined pursuant to this manner pursuant to Section 126 (1) no. 3 UmwG is basically determined by the ratio of the value of the Spin-off Assets to the value of the Receiving Entity, i.e. Siemens Energy AG.

In the present case, it is correct that no comparative enterprise valuation of the Spin-off Assets and the Receiving Entity is needed to determine the share allocation ratio.

The Spin-off Assets and the Receiving Entity include as the only assets relevant for value in each case 55 % and 45 % respectively of the fixed capital in Siemens Energy KG and the share capital of the General Partner GmbH. Thus, there are individual participation quotas in an identical subject of a valuation (namely, Siemens Energy KG and the General Partner GmbH). The **value ratio** between the Spin-off Assets and the Receiving Entity can be determined accordingly independent of the actual subject in the valuation

by reference to the relation of the participation quotas in Siemens Aktiengesellschaft and of Siemens Energy AG in Siemens Energy KG and the General Partner GmbH and is accordingly 55 : 45. As a result of the of 399,654,856 new shares in Siemens Energy AG to be issued when implementing the spin-off, there is certainty that upon the spin-off taking effect, 55 % of the shares in Siemens Energy AG will be held by shareholders in Siemens Aktiengesellschaft and 45 % of the shares in Siemens Energy AG will be held (directly or indirectly through Siemens Beteiligungen Inland GmbH) by Siemens Aktiengesellschaft. As a result, the number of the shares to be issued when implementing the spin-off assures that the ratio of participations in Siemens Energy AG corresponds exactly to the relative value between the Spin-off Assets and the Receiving Entity when the spin-off takes effect.

The grant of shares in Siemens Energy AG to the shareholders of Siemens Aktiengesellschaft is supposed to take place in a manner which **preserves the relative participation**, i.e. each shareholder in Siemens Aktiengesellschaft will receive from the 399,654,856 shares in Siemens Energy AG newly created for implementing the spin-off a number corresponding to that shareholder's participation in Siemens Aktiengesellschaft. This ensures that the shareholders in Siemens Aktiengesellschaft do not have to suffer any change in their assets before and after the spin-off.³

Treasury shares in Siemens Aktiengesellschaft are not entitled to an allocation in the spin-off and are not taken into account when allocating the new shares in Siemens Energy AG which have been granted for the purpose of implementing the spin-off (Section 131 (1) no. 3 sentence 1 UmwG).

Based on a capital stock of Siemens Aktiengesellschaft in the amount of € 2,550,000,000 divided into 850,000,000 common shares (no par-shares) and 50,690,288 treasury shares held by Siemens Aktiengesellschaft which are not entitled to an allocation, 799,309,712 shares in Siemens Aktiengesellschaft remain which are entitled to an allocation. Siemens Aktiengesellschaft has undertaken in the Spin-off and Transfer Agreement to make sure that at the time the spin-off takes effect, the total number of issued shares in Siemens Aktiengesellschaft and the number of the treasury shares which are not entitled to an allocation will correspond exactly to the above stated numbers.

Pursuant to Number V., § 15 of the Spin-off and Transfer Agreement, the plan is to have all shares in Siemens Energy AG listed for trading in the regulated market of the Frankfurt Stock Exchange and additionally in the sub-section of the regulated market with

³ See on this point Gehling in Semler/Stengel, UmwG, 4th edition 2017, Section 127, no. 29.

additional duties (Prime Standard) of the Frankfurt Stock Exchange immediately after the spin-off takes effect. Thus, it is correct that no compensation has to be offered to the shareholders in Siemens Aktiengesellschaft pursuant to Section 125 sentence 1 in conjunction with Section 29 UmwG in light of the fact that the involved legal entities have the identical legal form. An enterprise valuation of the Spin-off Assets or the Receiving Entity is accordingly also not required.

We determine by way of summary that the method, approach and result for determining the share allocation ratio are correct and reasonable and lead to a grant of shares in Siemens Energy AG to the shareholders of Siemens Aktiengesellschaft which preserves their relative shareholdings.

Based on the result of our audit, the statements in the Spin-off and Transfer Agreement concerning the share allocation ratio satisfy the requirements of Section 126 (1) no. 3 UmwG.

4.1.4. Details on the transfer of shares (Section 126 (1) no. 4 UmwG)

The details on the transfer of shares in the Requiring Entity are regulated as follows in Number IV., § 10, clause 10.1 and clause 10.3 of the Spin-off and Transfer Agreement:

In order to carry out the spin-off, Siemens Energy AG will increase its capital stock by € 399,654,856 to € 726,645,193 by issuing 399,654,856 no par common shares (registered shares), which the shareholders of Siemens Aktiengesellschaft will receive free of costs as consideration for the transfer of the Spin-off Assets in a manner which corresponds to a previous participation in Siemens Aktiengesellschaft (preserving their relative shareholdings). A proportionate amount of the capital stock of € 1.00 is attributable to each new share. An additional premium (agio) is not owed. It was correctly taken into account that the shares held by Siemens Aktiengesellschaft as treasury shares are not entitled to an allocation pursuant to Section 131 (1) no. 3 sentence 1 UmwG.

According to Number IV., § 10, clause 10.5 of the Spin-off and Transfer Agreement, Siemens Aktiengesellschaft has appointed Deutsche Bank AG, Frankfurt am Main, as the trustee for receiving the shares in Siemens Energy AG to be granted and transferring these shares to the shareholders of Siemens Aktiengesellschaft. The possession of the shares to be granted will be granted to the trustee prior to registration of the spin-off, and the trustee is instructed to pass the shares on to the shareholders of Siemens Aktiengesellschaft after registration of the spin-off in the registers of companies of Siemens Aktiengesellschaft. The appointment of the trustee by the Transferring Entity is required under Sections 125 sentence 1, 71 (1) sentence 1 UmwG.

The parties have undertaken in Number V., § 15 of the Spin-off and Transfer Agreement to issue all declarations and documents and take all other actions which are still necessary or appropriate so that all shares in Siemens Energy AG will be immediately admitted to trading in the regulated market of the Frankfurt Stock Exchange and additionally in the sub-section of the regulated market with additional duties after admission (Prime Standard) at the Frankfurt Stock Exchange immediately after the spin-off takes effect.

Pursuant to Number VIII., § 21, clause 21.2 of the Spin-off and Transfer Agreement, Siemens Aktiengesellschaft bears the costs and transfer taxes (except for value added tax) which have been incurred and will still be incurred up to the Closing Date at the level of Siemens Aktiengesellschaft and Siemens Energy AG in the context of the preparation, conclusion and implementation of the Spin-off and Transfer Agreement. The parties assume that no value added tax will accrue as a consequence of concluding and implementing the Spin-off and Transfer Agreement. If value added tax applies contrary to this assumption, Number VIII., § 21, clause 21.1 of the Spin-off and Transfer Agreement specifically provides that Siemens Energy AG is only required to pay value added tax to Siemens Aktiengesellschaft if and to the extent that Siemens Energy AG can deduct the corresponding value added tax as input value added tax. As far as value-added tax is assessed against Siemens Energy AG and Siemens Energy AG is not entitled to deduct input tax with regard to value-added tax, Siemens Aktiengesellschaft relieves Siemens Energy AG from sales tax and any interest on such tax.

According to the results of our audit, the statements in the Spin-off and Transfer Agreement concerning the details for transferring the shares of the Receiving Entity satisfy the requirements of Section 126 (1) no. 4 UmwG.

4.1.5. Point in time for participation in balance sheet profits (Section 126 (1) no. 5 UmwG)

The shares to be granted by Siemens Energy AG are entitled to profits for the financial year starting on 1 October 2019 pursuant to Number IV., § 10, clause 10.2 of the Spin-off and Transfer Agreement.

If the Spin-off Effective Date under Number II., § 4 of the Spin-off and Transfer Agreement moves to 1 October 2020, 0:00 hours, the start of the right to profits for the granted shares will shift accordingly to 1 October 2020. If the Spin-off Effective Date shifts any further on the basis of Number II., § 4 of the Spin-off and Transfer Agreement, the start of the right to participate in profits for the granted shares shifts accordingly in each case by one year.

Based on the result of our audit, the statements in the Spin-off and Transfer Agreement concerning the point in time for participation and statement of financial position profit satisfy the requirements of Section 126 (1) no. 5 UmwG.

4.1.6. Spin-off Effective Date (Section 126 (1) no. 6 UmwG)

Pursuant to Number II., § 2, clause 2.1 of the Spin-off and Transfer Agreement, the transfer of the Spin-off Assets takes effect as of 1 April 2020, 0:00 hours (the "**Spin-off Effective Date**") in the relationship between Siemens Aktiengesellschaft and Siemens Energy AG. Starting at that point in time, the actions by Siemens Aktiengesellschaft related to the Spin-off Assets are deemed to have been made for the account of Siemens Energy AG in the relationship between Siemens Aktiengesellschaft and Siemens Energy AG.

The Spin-off Effective Date correctly follows immediately after the date for the final statement of financial position of Siemens Aktiengesellschaft as of 31 March 2020, 24:00 hours which is transferring the assets (Number II., § 3, clause 3.1 of the Spin-off and Transfer Agreement) as the transferring company.

In the event that the spin-off has not been registered in the registers of companies for Siemens Aktiengesellschaft (as the transferring entity) at the district courts in Charlottenburg and Munich by the end of the day on 31 October 2020, the Spin-off Effective Date moves to 1 October 2020, 0:00 hours pursuant to Number II., § 4 of the Spin-off and Transfer Agreement. In the case of any further delay in registration beyond 31 October of the subsequent year, the Spin-off Effective Date is shifted accordingly by periods of one year each.

According to the result of our audit, statements in the Spin-off and Transfer Agreement concerning the Spin-off Effective Date satisfy the requirements of Section 126 (1) no. 6 UmwG.

4.1.7. Grant of special rights for individual shareholders or holders of special rights (Section 126 (1) no. 7 UmwG)

The rights to be stated pursuant to Section 126 (1) no. 7 UmwG which Siemens Energy AG as the Receiving Entity grants to individual shareholders as well as the holders of special rights such as shares without a voting right, preferred shares, shares with multiple voting rights, bonds and profit sharing rights, or the measures contemplated for these persons are regulated in Number IV., § 11 of the Spin-off and Transfer Agreement.

Siemens Aktiengesellschaft and its group companies have made various commitments for no par common shares (registered shares) in Siemens Aktiengesellschaft to

members of the managing board and employees of Siemens Aktiengesellschaft as well as members of corporate bodies and employees of Siemens Group Companies, including board members and employees of the Future Siemens Energy Group (together, the "**Beneficiaries**") in the context of stock-based compensation programs and employee participation programs which are listed in Annex 11.1 to the Spin-off and Transfer Agreement, or such commitments might still possibly be made prior to the spin-off taking effect (together, the "**Stock Entitlement**").

Depending on whether Beneficiaries continue to be employed in the Siemens Group or in the Future Siemens Energy Group after the spin-off takes effect, there will be an adjustment or compensation for the rights under Stock Entitlement.

Pursuant to Number IV., § 11, clause 11.2.1 of the Spin-off and Transfer Agreement, the rights under Stock Entitlement given to **Beneficiaries who continue to be hired in the Future Siemens Group after the spin-off takes effect** or otherwise do not fall under Number IV., § 11, clause 11.2.2 of the Spin-off and Transfer Agreement will be adjusted effective as of the Closing Date pursuant to the provisions described in Annex 11.2.1 to the Spin-off and Transfer Agreement.

The **adjustment** is planned as follows:

1. When Stock Entitlements become due (regularly or early), the Beneficiary will each receive, in addition to the Number of shares in Siemens Aktiengesellschaft for which there is a due claim (also if this claim is compensated in cash based on discretionary decisions or as regular practice) (the "**Due Siemens Shares**"), a cash payment for the mathematical Number of shares in Siemens Energy AG which result based on the Number of Due Siemens Shares under the ratio determined in Number IV., § 10, clause 10.1 of the Spin-off and Transfer Agreement. The amount of the cash payment will be determined on the basis of the provisions governing the respective Stock Entitlement which would apply for any cash compensation for Due Siemens Shares, provided that instead of the relevant stock price of the shares in Siemens Aktiengesellschaft, the relevant stock price of a share in Siemens Energy AG will apply. If an additional calculated number of Siemens shares is compensated by cash payment based on the underlying provisions in a Stock Entitlement when a certain level of target achievement is exceeded, this calculated number of Siemens shares will be added to the Due Siemens Shares for the purpose of determining the calculated number of shares in Siemens Energy AG.

2. The provision under the preceding point 1 applies also in the event that a claim for cash payment for a (mathematical) fractional right to shares in Siemens Energy AG results after application of the adjustment provision in point 1. The amount of the cash payment corresponds to the (commercially rounded) portion of the cash payment amount which results under point 1 for a whole share in Siemens Energy AG that corresponds to the portion of the (commercially rounded) fractional right to a share in Siemens Energy AG.
3. To the extent the underlying provisions of the Stock Entitlement require an investment in shares of Siemens Aktiengesellschaft, there will not be any adjustment with regard to this investment. To the extent the Beneficiaries receive shares in Siemens Energy AG after the spin-off takes effect due to their investments made in this manner or any other investment in shares of Siemens Aktiengesellschaft, these shares are not subject to any duty to hold them for a specific period of time.
4. If the number of shares to be granted for the specific claim under a Stock Entitlement depends on achieving certain targets due to the provisions forming the basis of the Stock Entitlement and achieving the target is at least partially influenced by how the stock exchange price for the shares in Siemens Aktiengesellschaft and the relative returns on investment in shares during the holding period develop under the respective Stock Award, there will be an adjustment as needed to the parameters for achieving targets after expiration of the respective holding period, in order to establish equivalent value of the Stock Entitlement (within the meaning of Sections 23, 125 UmwG) for the Beneficiaries before and after the spin-off.
5. The above provisions under points 1 to 4 do not apply to Stock Entitlement for anniversary shares, so that no adjustment is made for these Stock Entitlement.
6. Under the UK plan, shares in Siemens Aktiengesellschaft acquired by Beneficiaries ("**Investment Shares**") as well as shares transferred accordingly by the respective company ("**Matching Shares**") and / or shares acquired by reinvesting dividend payments ("**Dividend Shares**") are held by a trustee for the Beneficiaries (as the beneficial owners) pursuant to the provisions in the UK plan. Therefore, the Beneficiaries receive, just like all other Siemens-Shareholder, shares in Siemens Energy AG for the Investment Shares, the Matching Shares and any Dividend Shares in the ratio determined in Number IV., § 10, clause 10.1 of the Spin-off and Transfer Agreement. These shares in Siemens Energy

AG are subject to the same rules under the UK plan, for example, vesting periods which apply to the respective Investment Shares, Matching Shares and/or Dividend Shares which constitute the basis for receiving the shares in Siemens Energy AG. There will not be any further adjustment that goes beyond the provisions in the UK plan.

7. Aside from this, the other provisions underlying the Stock Entitlement are not affected by the Spin-off taking effect. This also applies for any reservations in the provisions in the Stock Entitlement about compensating claims for shares in Siemens Aktiengesellschaft by paying cash.
8. An adjustment under the provisions described above in points 1 to 7 will not take place on the occasion of the spin-off to the extent an adjustment is precluded or an agreement is made otherwise in a specific case or if the adjustment does not take place due to regulatory requirements in jurisdictions outside Germany.

The adjustments described above in points 1 to 8 will be made by the company which has an obligation under the respective Stock Entitlement when the spin-off takes effect. Agreements between companies in the Siemens Group (including the Future Siemens Energy Group) about the technical processing of adjustments or the internal bearing of costs are not affected by this.

If additional Stock Entitlement are made between the signing of the Spin-off and Transfer Agreement and when the spin-off takes effect which are comparable in structure to the Stock Entitlement set forth in Annex 11.1 to the Spin-off and Transfer Agreement and if no special provisions have been made for the event of the spin-off, the above-described adjustments apply accordingly.

Pursuant to Number IV., § 11, clause 11.2.2 of the Spin-off and Transfer Agreement, the rights existing as of the Closing Date under Stock Entitlement given to **Beneficiaries of the Future Siemens Energy Group** who leave the Siemens Group when the spin-off takes effect will be compensated effective as of the Closing Date pursuant to the provisions described in Annex 11.2.2 of the Spin-off and Transfer Agreement, unless otherwise described pursuant to Number IV., § 12 clause 12.4 of the Spin-off and Transfer Agreement (see on this point, Section 4.1.8. of this audit report).

The **compensation** is planned as follows:

1. The claims of the Beneficiaries under the Stock Entitlement cease to exist when the spin-off takes effect and will be compensated or settled in cash pursuant to the following points 2 to 4 after the spin-off takes effect.
2. The following applies for the Stock Entitlement listed in detail in point 2.1 to point 2.13 in Annex 11.1 of the Spin-off and Transfer Agreement: The amount of the cash payment for each Siemens Stock Award corresponds to the closing price for the Siemens shares in Xetra trading on the date of the closing of the spin-off, minus the present value of the dividends expected as of the end of the respective lockdown period.
3. The following applies for the Stock Entitlement listed in detail in points 2.14 to 2.19 in Annex 11.1 of the Spin-off and Transfer Agreement: The amount of the cash compensation for each Matching Share corresponds to the portion of the closing price for the Siemens shares in Xetra trading on the date of the closing of the spin-off which corresponds to the portion of time in the lockdown period until the date of the closing of the spin-off compared to the entire duration of the respective lockdown period.
4. The following applies for the UK plan: After the first listing of Siemens Energy AG on the stock exchange, the UK plan will be closed out as quickly as possible pursuant to the rules applicable for that purpose. All shares (Investment Shares, Matching Shares and any Dividend Shares as well as the respective shares in Siemens Energy AG which the Beneficiaries receive, just like all other shareholders in Siemens Aktiengesellschaft – with regard to their Investment Shares, Matching Shares and any Dividend Shares) which are held for the Beneficiaries by the trustee must be transferred either to the Beneficiary or sold for the account of the Beneficiary. A reduction in the number of Matching Shares will not take place despite the early termination of the UK plan.

Stock Entitlement for Siemens anniversary shares for the time after the spin-off takes effect do not exist for the groups of individuals dealt with here. There is no need for adjustment for the Stock Entitlement listed in detail in point 1 in Annex 11.1 to the Spin-off and Transfer Agreement because no member of the managing board of Siemens Aktiengesellschaft will leave the Siemens Group when the spin-off takes effect.

There will not be any payment of compensation under the above provisions to the extent in the specific case such a payment has been excluded or an agreement has been made otherwise. Taxes and public levies on the cash

compensation must be borne in each case by the Beneficiary pursuant to the respective provisions in the Stock Entitlement.

The above described compensation payments will be made in each case by the company which has an obligation under the respective Stock Entitlement when the spin-off takes effect. Agreements between companies in the Siemens Group (including the Future Siemens Energy AG Group) about the technical processing of adjustments or the internal bearing of costs are not affected by this.

If additional Stock Entitlement are made between the signing of the Spin-off and Transfer Agreement and when the spin-off takes effect which are structurally comparable to the Stock Entitlement listed in Annex 11.1 to the Spin-off and Transfer Agreement and if there are no special rules for the event of this spin-off, the above described adjustments apply accordingly.

Furthermore, no rights of the individual shareholders or holders of special rights within the meaning of Section 126 (1) no. 7 UmwG are being granted under Number IV., § 11, clause 11.4 of the Spin-off and Transfer Agreement, and also no measures in the sense of this provision in the UmwG are contemplated for such persons.

During the course of our audit we have not found any indications that other rights within the meaning of Section 126 (1) no. 7 UmwG have been granted.

Based on the results of our audit, the statements in the Spin-off and Transfer Agreement on the grant of special rights satisfy the requirements in Section 126 (1) no. 7 UmwG and are complete and correct.

4.1.8. Grant of special benefits (Section 126 (1) no. 8 UmwG)

The special benefits granted to a member of a representative board or supervisory board of the legal entities participating in the split, a managing shareholder, partner, independent auditor or a spin-off auditor which must be disclosed pursuant to Section 126 (1) no. 8 UmwG, are listed in Number IV., § 12 of the Spin-off and Transfer Agreement.

Pursuant to Number IV., § 12, clause 12.1 of the Spin-off and Transfer Agreement, the parties intend to conclude standard market insurance for the risks typically involved with a listing on the exchange in connection with the listing of the shares of Siemens Energy AG. The insurance coverage is also supposed to cover the members of the managing board and the supervisory board of Siemens Aktiengesellschaft and Siemens Energy AG. The parties will still coordinate the personal and substantive scope of the insurance

coverage, the amount of insurance and the insurance premium and how it is shared internally.

No such insurance contract has been concluded up to the signing of our audit report. The details of the insurance coverage, including the amount of coverage and the insurance premium, are accordingly not yet firm.

Pursuant to Number IV., § 12, clause 12.2 of the Spin-off and Transfer Agreement, the current chairman of the managing board of Siemens Aktiengesellschaft, Joe Kaeser, as well as the member of the managing board Prof. Dr. Ralf P. Thomas will assume positions in the supervisory board of Siemens Energy AG after the spin-off takes effect, whereby Joe Kaeser is supposed to be nominated as the chairman of the supervisory board of Siemens Energy AG and Prof. Dr. Ralf P. Thomas is supposed to be nominated as the chairman of the audit committee. According to the future articles of association of Siemens Energy AG, which is attached to the Spin-off and Transfer Agreement as Annex 13.1, the members of the supervisory board – in addition to any compensation for work in committees – receive a fixed annual compensation in the amount of € 120,000 for each member which is increased by € 120,000 for the chairman of the supervisory board. The chairman of the audit committee receives an additional € 120,000. The supervisory board of Siemens Aktiengesellschaft decided in its meeting on 8 May 2020 that the compensation for Joe Kaeser and Prof. Dr. Ralf P. Thomas in the supervisory board at Siemens Energy AG will not be credited against the compensation as a member of the managing board of Siemens Aktiengesellschaft.

Pursuant to Number IV., § 12, clause 12.3 of the Spin-off and Transfer Agreement, members of the managing board of Siemens Energy AG were promised a spin-off incentive in advance to the spin-off by General Partner GmbH. According to this commitment, payouts of between 100 % and 200 % of a target amount individually fixed for each member of the managing board can be paid out depending on the achievement of targets. For Dr.-Ing. Christian Bruch this target amount is € 1,500,000, for Dr.-Ing. Jochen Eickholt, Maria Ferraro and Tim Oliver Holt this amount is € 750,000 each. The target amount will be paid out if, upon Spin-off Effective Date and within the first 120 days after Spin-off Effective Date specified target values for the effects of the spin-off or the market value based on the volume-weighted average price of shares in Siemens Energy AG are achieved. If these target values are not achieved, no Spin-off Incentive will be granted. If the target values are exceeded, a maximum of up to 200 % of the target amount will be paid out. Values between 100% and 200% are determined by linear interpolation. The Managing Board members are obliged to reinvest the net proceeds from the Spin-off Incentive in Siemens Energy shares. It is planned to transfer the

obligation to pay the executive remuneration including the Spin-off Incentive to Siemens Energy AG after the spin-off takes effect.

Pursuant to Number IV., § 12, clause 12.4 of the Spin-off and Transfer Agreement, General Partner GmbH has promised to the members of the management of General Partner GmbH with regard to their activities as members of the managing board of Siemens Energy AG commitments to receive shares without own additional payments after a lockup period (Stock Awards) in addition to the other compensation. As a result, a part of the compensation is supposed to be structured for the long term by measuring achievement of financial and non-financial goals over a time period of four years. A specific target amount will be set for each member of the managing board. For Dr.-Ing. Christian Bruch this amount is € 1,920,000, for Dr.-Ing. Jochen Eickholt, Maria Ferraro and Tim Oliver Holt this amount is € 960,000 each. This target amount is multiplied in each case with the preliminary maximum degree of achieving targets of 200 %. For this amount, each member of the managing board is granted forfeitable Stock Awards, whereby the specific number is calculated on basis of the stock price on the date of grant, less discounted estimated dividends during the lock-up period. After a lock-up period of four years, each member of the managing board will be granted one share in Siemens Energy AG for each Stock Award, whereby the number of the Stock Awards to be finally serviced depends on the actual achievement of the following targets during the assessment period: Total shareholder return of the shares in Siemens Energy AG in comparison to competitors, i.e. change in the price on the exchange for the shares in Siemens Energy AG plus dividends paid compared to a change in the value of comparative indices (40 %), earnings per share measured on the basis of previously fixed targets (40 %) and achieving sustainability targets pursuant to Environmental, Social & Governance criteria (20 %). The degree of achieving a target can vary between 0 % and 200 % for each component. Achieving the total target corresponds to the weighted average achievement of the targets for the individual components. If the actual degree of overall target achievement after the four-year blocking period is below 200 %, a corresponding portion of the Stock Entitlement will be forfeited without any compensation, and a smaller number of shares will be allocated. The shares in Siemens Energy AG allocated after the end of the blocking period are limited to a value of 250 % of the target amount. Excessive Stock Awards lapse without compensation. If promises to receive shares in Siemens Aktiengesellschaft without own additional payment after a lock-up period (stock awards) for the fiscal year in which the spin-off takes effect have been or will be made to members of the managing board of Siemens Energy AG, such promises will automatically lapse without replacement upon the spin-off taking effect. If promises to receive shares in Siemens Aktiengesellschaft without own additional payment after a lock-up period (stock awards) for a fiscal year in which the spin-off has

not taken effect yet have been or will be made to members of the managing board of Siemens Energy AG, such promises will automatically lapse without replacement at the end of the corresponding fiscal year. Penalty and clawback provisions are to apply to the Stock Awards, which permit reducing or claiming reimbursement of variable compensation under certain prerequisites, e.g. in the event of a compliance violation. It is intended to transfer the obligation to pay the compensation to the members of the managing board, including the promise of Stock Awards, from General Partner GmbH to Siemens Energy AG after the spin-off takes effect.

The stock-based compensation programs (as described in Number IV., § 11, clause 11.2.1 as well as Annex 11.2.1 of the Spin-off and Transfer Agreement) will be adjusted for the members of the managing board of Siemens Aktiengesellschaft pursuant to Number IV., § 12, clause 12.5 of the Spin-off and Transfer Agreement. The present spin-off can have an effect on these programs to the extent that these programs depend, among other factors, on the development of the stock price of Siemens Aktiengesellschaft and the stock price of Siemens Aktiengesellschaft might take a different development as a result of the spin-off.

Aside from this, no special benefits within the meaning of Section 126 (1) no. 8 UmwG are granted for members of the managing board or the supervisory board of the companies or an independent auditor or spin-off auditor involved in the spin-off. The provisions in Number IV., § 11 of the Spin-off and Transfer Agreement are not affected (see on this point, Section 4.1.7. of the audit report).

Based on the result of our audit, the statements in the Spin-off and Transfer Agreement on the grant of special benefits satisfy the requirements of Section 126 (1) no. 8 UmwG and are complete and correct.

4.1.9. Designation and allocation of assets and liabilities (Section 126 (1) no. 9 UmwG)

Pursuant to Section 126 (1) no. 9 UmwG the Spin-off and Transfer Agreement must include the exact designation and allocation of items in assets and liabilities which are transferred to the Receiving Entity as well as the operations and parts of operations with an allocation to the Receiving Entity.

Pursuant to Number III., § 5, clause 5.1 in conjunction with Number I. of the Spin-off and Transfer Agreement, Siemens Aktiengesellschaft is transferring a partial limited partnership interest representing a portion of the fixed capital of Siemens Energy KG in the amount of € 96,199,583.15 (corresponding to 55 % of the fixed capital of Siemens Energy KG) as well as 13,750 shares with the consecutive numbers 1 to 13,750 in the

General Partner GmbH, each having a par value of € 1.00 (corresponding to 55 % of the share capital of the General Partner GmbH).

The transfer of the interest is made in each case together with all related rights and duties. This includes especially for the interest in Siemens Energy KG also the claim to all profits attributable to the partial limited partnership interest which have not yet been withdrawn. The transfer includes the balance in the private account of Siemens Aktiengesellschaft attributable to the partial limited partnership interest as well as the amount in the fixed capital corresponding proportionately to the share in the joint, restrictive reserves account of Siemens Aktiengesellschaft and Siemens Energy KG. This also includes the claim for distribution of all profits which have not yet been distributed for the participation in the General Partner GmbH.

Pursuant to Number III., § 5, clause 5.2 of the Spin-off and Transfer Agreement, Siemens Energy AG is assuming the liability sum [*Haftsumme*] of Siemens Aktiengesellschaft which equals the portion in the fixed capital of Siemens Energy KG.

Number III., § 5, clause 5.3 of the Spin-off and Transfer Agreement provides that outstanding obligations of Siemens Aktiengesellschaft to pay contributions to Siemens Energy KG will remain in place and must be borne by Siemens Aktiengesellschaft despite contributing the partial limited partnership interest of Siemens Aktiengesellschaft to Siemens Energy AG.

Under Number III., § 6 of the Spin-off and Transfer Agreement, Siemens Aktiengesellschaft undertakes to ensure that no shareholder resolutions are adopted on or before the Closing Date under which the fixed capital of Siemens Energy AG or the share capital of the General Partner GmbH existing at the time of conclusion of the Spin-off and Transfer Agreement is changed. Siemens Aktiengesellschaft also undertakes to continue to ensure that no withdrawals are made from Siemens Energy KG and that the General Partner GmbH does not make any distributions of profit prior to the Closing Date. Siemens Aktiengesellschaft will ensure that during the period between the conclusion of the Spin-off and Transfer Agreement and the Closing Date, the Spin-off Assets will only be managed and disposed of in the normal course of business and pursuant to the standard of care of a proper commercial party and the requirements of the Spin-off and Transfer Agreement.

The parties undertake in Number III., § 5, clause 5.4 of the Spin-off and Transfer Agreement to issue all declarations, execute all documents and take all other actions which might still be necessary or appropriate in connection with the transfer of the Spin-off Assets.

The determination of the items in the assets and liabilities constituting the Spin-off Assets takes place pursuant to Number II., § 3, clause 3.2 of the Spin-off and Transfer Agreement on the basis of the spin-off statement of financial position as of 1 April 2020, 0:00 hours attached as Annex 3.2 to the Spin-off and Transfer Agreement.

The spin-off statement of financial position was developed on the basis of the closing statement of financial position of Siemens Aktiengesellschaft as of 31 March 2020, 24:00 hours which was carried forward, taking into account the contributions of a partial limited partnership interest in the amount of € 57,693,148.85 in the fixed capital of Siemens Energy KG as well as the shares with the consecutive numbers 13,751 to 21,996 in the General Partner GmbH by Siemens Aktiengesellschaft to Siemens Energy AG as of 1 April 2020, 0:00 hours (see on this point, Section 3.2. of this audit report).

The closing statement of financial position of Siemens Aktiengesellschaft was prepared as interim statements of financial position pursuant to the provisions on the annual accounts and the auditing of the annual accounts and was audited and fully certified by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, which was appointed as the independent auditor by resolution of the general shareholders' meeting of Siemens Aktiengesellschaft on 5 February 2020. The appointment was approved by the supervisory board of Siemens Aktiengesellschaft on 8 May 2020.

Other items in the assets and liabilities and other rights and duties or legal positions of Siemens Aktiengesellschaft which are not attributable to the Spin-off Assets under the Spin-off and Transfer Agreement or are expressly excluded from the transfer in the Spin-off and Transfer Agreement are not transferred to Siemens Energy AG pursuant to Number II., § 1 of the Spin-off and Transfer Agreement.

Based on the result of our audit and the statements in the Spin-off and Transfer Agreement concerning the participations in Siemens Energy KG and the General Partner GmbH to be transferred as well as the type and amount of the respective participation are complete and correct.

4.1.10. Allocation of the shares of the Receiving Entity (Section 126 (1) no. 10 UmwG)

The Spin-off and Transfer Agreement must state, pursuant to (Section 126 (1) no. 10 UmwG, the allocation of the shares in the Receiving Entity to the shareholders of the Transferring Entity as well as the basis for the allocation.

Pursuant to Number IV., § 10, clause 10.1 of the Spin-off and Transfer Agreement, the shareholders in Siemens Aktiengesellschaft are receiving free of costs one no par

common share (registered share) in Siemens Energy AG for every two no par common shares (registered shares) in Siemens Aktiengesellschaft free of costs (proportionately to preserve the relative shareholdings) pursuant to the shareholders' previous participation in Siemens Aktiengesellschaft as consideration for the transfer of the Spin-off Assets to Siemens Energy AG. The shares held by Siemens Aktiengesellschaft as treasury shares will not be taken into account when allocating the shares in Siemens Energy AG. The allocation of the shares is accordingly based on the existing relative shareholdings of the shareholders in Siemens Aktiengesellschaft.

We accordingly find that the Spin-off and Transfer Agreement contains the necessary statements in this regard.

**4.1.11. Consequences for the employees and their representative bodies
(Section 126 (1) no. 11 UmwG)**

We refer to Number VI. of the Spin-off and Transfer Agreement with regard to the consequences of the spin-off for the employees and their representative bodies as well as the measures contemplated in this respect.

We have not become aware of any consequences that go beyond this in the course of our audit. We also have not found any indications during our audit which contradict the relevant statements in the Spin-off and Transfer Agreement. Therefore, we find that the Spin-off and Transfer Agreement is complete and correct in this respect.

4.2. Accuracy of the elective provisions

We have not become aware of any indications during the course of our audit which would contradict the accuracy of the elective statements in the Spin-off and Transfer Agreement and its Annexes.

5. Result of the audit and final declaration about the reasonableness of the share allocation ratio

On the basis of our appointment by the regional court of Munich dated 22 January 2020, we conducted the audit of the Spin-off and Transfer Agreement between Siemens Aktiengesellschaft, as the Transferring Entity, and Siemens Energy AG, as the Receiving Entity, which was notarized on 22 May 2020.

We determine as the result of our audit that the Spin-off and Transfer Agreement completely and correctly contains the minimum provisions required in Section 126 (1) UmwG and, thus, complies with the statutory provisions.

We did not become aware of any indications in context of the audit of the spin-off which contradict the accuracy of the elective statements contained in the Spin-off and Transfer Agreement.

As described in Sections 2. and 4.1.3. of our audit report, a valuation of the transferred assets and the Receiving Entity is not required in order to determine the allocation ratio so that there is also no necessity for statements in the audit report about the methods applied for the valuation, their reasonableness as well as any special difficulties in the valuation.

Summing up, the method chosen to determine the allocation ratio with regard to the consideration to be issued to shareholders of Siemens Aktiengesellschaft in accordance with their shareholdings in Siemens Aktiengesellschaft as well as with regard to the value relation of the Spin-off Assets and the Receiving Entity are each proportional. Thus, shareholders of Siemens Aktiengesellschaft do not have to face any change in their assets before and after the spin-off.

According to the conclusion of our audit, we are issuing the following final declaration about the reasonableness of the allocation ratio (Section 126 (1) no. 3 UmwG) on the basis of declarations and evidence available to us as well as information and explanations given to us in accordance with Section 125 sentence 1 in conjunction with Section 12 (2) UmwG:

“According to our findings and based on the stated reasons, the proposed allocation ratio, according to which shareholders of Siemens Aktiengesellschaft, Berlin and Munich, receive one share of no par value (registered share) of Siemens Energy AG, Munich, for each two shares of no par value (registered shares) of Siemens Aktiengesellschaft, is reasonable. Additional cash payments are not being granted.”

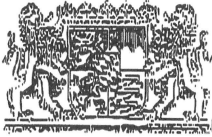
Düsseldorf, 22 May 2020

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Jochen Breithaupt
German Public Auditor
[Wirtschaftsprüfer]

Sylvia Fischer
German Public Auditor
[Wirtschaftsprüferin]

ANNEXES



Landgericht München I

Justizgebäude Lenbachplatz 7

80316 München

5 HK O 714/20

B e s c h l u s s

vom 22.1.2020:

1. Auf gemeinsamen Antrag der

Siemens AG

Werner-von-Siemens-Straße 1

80333 München

Amtsgericht – Registergericht – München HRB 6684

und der

Kyros 52 AG

Werner-von-Siemens-Straße 1

80333 München

Amtsgericht – Registergericht – München HRB 252581

bestellt der Vorsitzende der 5. Kammer für Handelssachen beim LG München I gem.
§§ 10 Abs. 1, 125 UmwG

Baker Tilly GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft

Herrn Wirtschaftsprüfer Steuerberater Jochen Breithaupt

Cecilienallee 6 - 7

40474 Düsseldorf

zum gemeinsamen Abspaltungsprüfer zur Prüfung der Übertragung eines Teils des Vermögens der Siemens AG von der Siemens AG als übertragende Gesellschaft auf die Kyros 52 AG als übernehmende Gesellschaft im Wege einer Abspaltung zur Aufnahme (§ 123 Abs. 2 Nr. 1 UmwG).

2. Der Geschäftswert wird auf € 5.000,-- festgesetzt, § 36 III GNotKG.

G r ü n d e :

Ein Hinderungsgrund für die Bestellung der als Abspaltungsprüfer genannten Wirtschaftsprüfungsgesellschaft ist nicht erkennbar, so dass diese vom Gericht entsprechend der Anregung der Antragstellerin aus dem Kreis der drei benannten Wirtschaftsprüfungsgesellschaften ausgewählt werden konnte.

Dr. Krenck

Vorsitzender Richter

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term "Textform" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.