

1.10 Compensation Report

This report is based on requirements of the German Commercial Code (Handelsgesetzbuch), German Accounting Standards (Deutsche Rechnungslegungsstandards) and International Financial Reporting Standards (IFRS). Further, the report includes on a voluntary basis selected disclosures in line with the requirements of the Second Shareholder Rights Directive (ARUG II) dated December 12, 2019.

Dr. Jochen Eickholt and Tim Holt were appointed to the Executive Board as of April 1, 2020, and Dr.-Ing. Christian Bruch and Maria Ferraro as of May 1, 2020. From their appointment until September 30, 2020 ("2020 term of office"), the members of the Executive Board as of September 30, 2020, were also Managing Directors of Siemens Energy Management GmbH, which is the sole general partner of Siemens Energy Global KG, the legal entity that housed the Siemens Gas and Power Segment's operational business (sole general partner). With the exception of Tim Holt, who also received compensation from Siemens Energy Inc. in the United States, the members received their compensation for the 2020 term of office from the sole general partner. In addition, a portion of their grants of Siemens Stock Awards at the beginning of fiscal 2020 is attributable to the 2020 term of office. They did not receive any additional compensation from Siemens Energy AG for their duties as members of the Executive Board. As of October 1, 2020, the Executive Board members' compensation was transferred from the sole general partner to Siemens Energy AG. The members of the Executive Board in office from October 1, 2019, until March 31, 2020, were employees of Siemens AG and did not receive any additional compensation for their work on the Executive Board.

Sections 1.10.1 through 1.10.3 outline the compensation of members of the Executive Board and Supervisory Board for the 2020 term of office. Section 1.10.4 gives an outlook on the compensation system for members of the Executive Board to be presented for approval at the 2021 general shareholders' meeting and describes how the system has been applied for fiscal year 2021.

1.10.1 Compensation of the members of the Executive Board in fiscal year 2020

Structure and components of compensation for fiscal year 2020

Until completion of the Spin-Off, the sole general partner belonged to the Siemens Group. The compensation granted to the sole general partner's Managing Directors (i.e. the members of the Executive Board) therefore followed the compensation policies and practices for top executives of the Siemens Group. This compensation comprised fixed components granted independently of performance, including base salary, fringe benefits and retirement benefits, and variable components linked to performance, including short-term variable compensation (bonus) and long-term variable compensation (Siemens Stock Awards).

Due to his responsibilities for Siemens Energy's business in North America, for the 2020 term of office Tim Holt received a portion of his compensation from Siemens Energy, Inc., a U.S. subsidiary of the Company. This compensation comprised 70% of his base salary and bonus, as well as pension contributions and fringe benefits. The remaining 30% of his base salary and bonus, as well as selected fringe benefits and the target value of his long-term variable compensation, were granted by the sole general partner.

Fixed components

Base salary

During the 2020 term of office, each member of the Executive Board received a base salary from the sole general partner, paid out in monthly installments. Tim Holt received a portion of his base salary for fiscal year 2020 from Siemens Energy Inc., which was paid out in biweekly installments.

Fringe benefits

For the 2020 term of office, members of the Executive Board were granted fringe benefits by the sole general partner. Some of the benefits granted to Tim Holt are attributable to Siemens Energy Inc. The value of these benefits amounted to between €20,359 and €43,868 per member of the Executive Board and included expenses for benefits-in-kind and other fringe benefits, such as the provision of a company car, allowances for insurance policies, and storage and school fees, including tax gross ups.

Pension benefits

As Managing Directors of the sole general partner, the members of the Executive Board were eligible to participate for the 2020 term of office in the Siemens Group's defined contribution pension plan (BSAV). Under the plan, the Supervisory Board had the option to grant contributions to the Executive Board members' individual pension accounts. In line with the decision to grant a pension substitute for fiscal year 2021, the Supervisory Board of Siemens Energy AG elected not to make contributions under the BSAV for fiscal year 2020, including the 2020 term of office. Instead, members of the Executive Board (with the exception of Tim Holt) were granted cash payments. For the 2020 term of office, members of the Executive Board were granted per decision of the Supervisory Board of Siemens Energy AG on November 9, 2020, cash payments amounting to €0.4 million.

Owing to his place of employment in the United States, Tim Holt participates in two local retirement benefit plans administered by Siemens Energy Inc., a tax-optimized savings plan as well as a deferred compensation plan. Tim Holt received matching contributions from Siemens Energy Inc. in the amount of €2,625 under these retirement benefit plans during the 2020 term of office.

Maria Ferraro has a pension commitment under the BSAV that was transferred from Siemens AG upon her appointment as Managing Director of the sole general partner. Her pension account is credited with an annual interest payment (guaranteed interest) on January 1 of each year. The guaranteed interest rate is currently 0.90%. As of September 30, 2020, the defined benefit obligation for Maria Ferraro's pension commitment amounted to €0.2 million.

Variable components

Short-term variable compensation (Bonus)

The bonus for the members of the Executive Board for the 2020 term of office is tied to the operational performance of the Siemens Group, and in particular the Segment Gas and Power. Payouts made to the members of the Executive Board were conditional upon attaining targets in three equally weighted components. These comprised two financial components as well as individual targets.

The two financial components are each measured by a performance indicator: the diluted earnings per share (all in) of Siemens AG, measured over a three-year period, and the adjusted EBITA margin of Siemens' Gas and Power segment. These performance indicators represent operational management metrics for the Siemens Group and are derived from Siemens AG's strategy.

In addition, individual quantitative and qualitative targets were set for each Executive Board member.

Targets set under each component can be attained within a range of 0% to 200%. Target attainment can be adjusted by way of a "Siemens Factor," which can have a value between 0.75 and 1.25, resulting in a maximum payout amount of 250% of the target amount (cap). The Siemens Factor takes consideration of the performance of the entire Siemens Group and applies universally for all Siemens Group Senior Managers and Top Managers worldwide. For the 2020 term of office, the Siemens Factor was equal to 1.

Determination of the bonus payout amount (FY 2020)



For fiscal year 2020, which is applicable for the 2020 term of office, the following targets and target attainment levels were set:

Bonus 2020 term of office

Target parameter	0% target	100% target	200% target	ACTUAL	Target attainment	Siemens Factor	Overall target attainment
1/3 Siemens Earnings per Share (EPS) ^{1,2} , undiluted	€5.49	€6.99	€8.49	€6.18	46%		
1/3 Segment GP Adjusted EBITA margin	-0.40%	2.60%	5.60%	0.97%	46%		
1/3 Individual targets						160–180%	
Individual targets FY 2020:							
<ul style="list-style-type: none"> GP Cash Conversion Rate (all members) Listing according to time plan (all members) Guaranteeing of business continuity (all members) Guaranteeing of organizational readiness (all members) Successful investor roadshows (Dr. Christian Bruch/ Maria Ferraro) Market share gas turbines (Dr. Jochen Eickholt/Tim Holt) Transfer rate to GP³ > 90% (Dr. Jochen Eickholt/Tim Holt) 		Dr. Christian Bruch	170%	1.00	87%		
		Dr. Jochen Eickholt	160%		84%		
		Maria Ferraro	170%		87%		
		Tim Holt	180%		91%		

¹ Continued and discontinued operations.

² The 100% target is equal to the average Siemens EPS values recorded for the fiscal years 2017–2019. The actual value is calculated by taking the average of EPS values for fiscal years 2018–2020.

³ Share of nominated Siemens Group employees who agreed to be transferred to Siemens Segment Gas and Power prior to the Spin-Off.

Long-term variable compensation (Siemens Stock Awards)

Except for the President and CEO, Dr. Christian Bruch, at the beginning of the fiscal year 2020, members of the Executive Board were granted Siemens Stock Awards (2020 Tranche) in connection with their functions at the time in the Siemens Group. A Siemens Stock Award confers the right to receive one Siemens share following the completion of a vesting period of approximately four years, depending on the degree to which pre-defined performance targets are attained. For the 2020 term of office, these targets comprised the total shareholder return of Siemens AG compared with the MSCI World Industrials, a global sector index of industrial companies, (80%) and ESG targets (20%).

The number of Siemens Stock Awards granted was calculated by multiplying the target amount by the maximum possible target attainment of 200%. This figure is then divided by the price of Siemens shares at grant, defined as the closing price in Xetra trading, less expected dividends during the four-year vesting period ("grant price"). The four-year vesting period begins with the grant.

Upon appointment as Managing Director of the sole general partner from May 1, 2020, Dr. Christian Bruch received an unrestricted cash payment equal to the pro-rata target value of his contractually guaranteed Siemens Stock Awards grant. Maria Ferraro's target compensation was adjusted upon appointment as Managing Director from

May 1, 2020. Target compensation for Dr. Jochen Eickholt and Tim Holt was adjusted effective April 1, 2020. These adjustments included a higher target value for Siemens Stock Awards than had been granted at the beginning of fiscal year 2020. As compensation for this difference, Maria Ferraro, Dr. Jochen Eickholt and Tim Holt were granted unrestricted cash payments in lieu of a further grant of Siemens Stock Awards. The decision to grant cash payments instead grants of Siemens Stock Awards was made in consideration of the planned Spin-Off, under which all unvested Siemens Stock Awards were to be settled according to the conditions described in the following.

The members of the Executive Board left the Siemens Group with completion of the Spin-Off on September 25, 2020. In accordance with Sections 23, 125 of the German Transformation Act, Executive Board members' claims arising from the 2020 tranche of Siemens Stock Awards were settled in cash, as foreseen in the relevant provisions of the Siemens Stock Awards program if a company is no longer fully consolidated in the Siemens Group. The cash settlement for each Siemens Stock Award is equal to the closing price of the Siemens share in Xetra trading on the day on which the Spin-Off was legally completed, less the value of dividends expected up until the end of the vesting period. Target attainment of 100% is assumed for calculating the cash settlement. Outstanding tranches of equity-based compensation, which include the 2020, 2019, 2018, and 2017 tranches of Siemens Stock Awards, as well as the 2020, 2019, and 2018 tranches of the Siemens Share Matching Program, were settled in cash according to the aforementioned terms.

Spin-Off incentive

Prior to the Spin-Off, the members of the Executive Board were granted a one-time performance-based Spin-Off incentive as part of their role as Managing Directors of the sole general partner. Target amounts equaled €1,500,000 for the President and CEO, Dr. Christian Bruch, and €750,000 for all other members of the Executive Board.

Any potential payout from the Spin-Off Incentive was linked to the attainment of two performance conditions, the first relating to the financial result of the Spin-Off, and the second to Siemens Energy AG's stock market value during the first 120 calendar days after Listing.

The Supervisory Board of Siemens Energy AG confirmed in a resolution on November 9, 2020, that the first performance condition was not met. As a result, no payouts will occur under the Spin-Off Incentive.

Total compensation

For the 2020 term of office, total compensation for all current members of the Executive Board amounts to €8.5 million according to applicable accounting provisions.

Payments and benefits granted and made for the 2020 term of office

The following tables show individually for each Executive Board member the benefits granted for the 2020 term of office. The actual amounts paid out are reported under "Benefits received."

Target compensation for short-term variable compensation (bonus), including the floor and cap, is reported under Benefits granted. The figures for individual maximum for the bonus reflect the possible maximum value for the 2020 term of office – that is, 250% of the respective target amount. As described above, for the 2020 term of office, further members of the Executive Board received cash payments in lieu of Siemens Stock Awards grants under the long-term variable compensation. Minimum and maximum compensation for this component is thus equal to the value of the cash payment.

Total compensation in accordance with the applicable accounting standards is also reported under Benefits granted. Instead of the target amount for short-term variable compensation (bonus), this figure includes the actual bonus and excludes the pension service cost.

The payments made for and entitlements arising from the 2020 term of office are reported under Payments and Benefits received.

Dr. Christian Bruch – President and CEO (Appointed May 2020)		Payments and benefits granted			Payments and benefits received
		(in thousand of €)	2020	2020 (min)	2020 (max)
Fixed compensation	Base salary	600	600	600	600
	Fringe benefits	20	20	20	20
	Other ¹	3,205	3,205	3,205	3,205
	Total	3,825	3,825	3,825	3,825
Variable compensation	Annual variable compensation				
	Bonus ²	600	0	1,500	523
	Multi-year variable compensation				
Other ³	800	800	800	800	
Total non-performance/performance-based compensation		5,225	4,625	6,125	5,149
Pension service cost ⁴		236	236	236	236
Total compensation		5,461	4,861	6,361	5,385
Compensation according to applicable reporting standards					
Performance-based compensation	Annual variable compensation				
	Bonus (paid out amount)	523			
	Total compensation (HGB)	5,149			

¹ Dr. Christian Bruch received a one-time compensatory payment of €3,205,016 to account for the value of unvested equity awards from his previous employer that were forfeited as a consequence of his appointment as designated President and CEO of Siemens Energy.

² The Bonus payment represents the Bonus amount that was determined for the 2020 term of office and will be paid out in January 2021.

³ In lieu of Siemens Stock Awards, Dr. Christian Bruch received a cash payment in May 2020 in the amount of €800,000. This amount corresponds to the pro-rata target value of his long-term compensation as a Managing Director of the sole general partner.

⁴ The Supervisory Board elected to grant Dr. Christian Bruch a cash payment of €236,000 in lieu of a contribution to the BSAV for fiscal year 2020. The full value of the contribution is attributable to the 2020 term of office.

**Maria Ferraro –
Chief Financial Officer
(CFO)**

(Appointed May 2020)

(in thousand of €)		Payments and benefits granted			Payments and benefits received
		2020	2020 (min)	2020 (max)	2020
Fixed compensation	Base salary	300	300	300	300
	Fringe benefits	44	44	44	44
	Other	0	0	0	0
	Total	344	344	344	344
Variable compensation	Annual variable compensation				
	Bonus ¹	300	0	750	262
	Multi-year variable compensation				
	Siemens Stock Awards ²	151	151	151	151
Other ³	252	252	252	252	
Total non-performance/performance-based compensation		1,047	747	1,497	1,008
Pension service cost ⁴		80	80	80	80
Total compensation		1,127	827	1,577	1,089
Compensation according to applicable reporting standards					
Performance-based compensation	Annual variable compensation				
	Bonus (paid out amount)	262			
	Total compensation (HGB)	1,008			

¹ The Bonus payment represents the Bonus amount that was determined for the 2020 term of office and will be paid out in January 2021.

² At the beginning of fiscal year 2020, Maria Ferraro received a Siemens Stock Awards grant as part of her role at the time within the Siemens Group (2020 tranche). The fair market of this grant amounted to €437,874, of which €182,447 is attributable to the 2020 term of office on a pro-rata basis. An entitlement to a cash settlement of all outstanding equity grants arose with the completion of the Spin-Off on September 25, 2020 and departure from the Siemens Group. For Maria Ferraro, the value of this cash settlement amounted to €362,608 for the 2020 tranche of Siemens Stock Awards, of which €151,087 is attributable to the 2020 term of office. Maria Ferraro is entitled to a cash settlement for all remaining equity grants that were granted by Siemens AG prior to the 2020 term of office amounting to €855,315. The cash settlements are to be paid out in fiscal 2021.

³ In lieu of a further grant Siemens Stock Awards for the 2020 term of office, Maria Ferraro received a cash payment in May 2020 in the amount of €251,667. This amount corresponds to the pro-rata difference in the target value of Ms. Ferraro's long-term variable compensation following her appointment as a Managing Director of the sole general partner.

⁴ The Supervisory Board elected to grant Maria Ferraro a cash payment of €193,000 in lieu of a contribution to the BSAV for fiscal year 2020. Of the contribution, €80,417 is attributable pro-rata to the 2020 term of office.

**Dr. Jochen Eickholt –
Member of the
Executive Board
(Appointed April 2020)**

		Payments and benefits granted			Payments and benefits received
		2020	2020 (min)	2020 (max)	2020
(in thousand of €)					
Fixed compensation	Base salary	355	355	355	355
	Fringe benefits	25	25	25	25
	Other	0	0	0	0
	Total	380	380	380	380
Variable compensation	Annual variable compensation				
	Bonus ¹	355	0	888	298
	Multi-year variable compensation				
	Siemens Stock Awards ²	205	205	205	205
Other ³	272	272	272	272	
Total non-performance/performance-based compensation		1,212	857	1,744	1,155
Pension service cost ²		126	126	126	126
Total compensation		1,338	983	1,870	1,281
Compensation according to applicable reporting standards					
Performance-based compensation	Annual variable compensation				
	Bonus (paid out amount)	298			
Total compensation (HGB)		1,155			

¹ The Bonus payment represents the Bonus amount that was determined for the 2020 term of office and will be paid out in January 2021.

² At the beginning of fiscal year 2020, Dr. Jochen Eickholt received a Siemens Stock Awards grant as part of his role at the time within the Siemens Group (2020 tranche). The fair market of this grant amounted to €495,517, of which €247,759 is attributable to the 2020 term of office on a pro-rata basis. An entitlement to a cash settlement of all outstanding equity grants arose with the completion of the Spin-Off on September 25, 2020 and departure from the Siemens Group. For Dr. Jochen Eickholt, the value of this cash settlement amounted to €410,324 for the 2020 tranche of Siemens Stock Awards, of which €205,162 is attributable to the 2020 term of office. Dr. Jochen Eickholt is entitled to a cash settlement for all remaining equity grants that were granted by Siemens AG prior to the 2020 term of office amounting to €1,501,586. The cash settlements are to be paid out in fiscal 2021.

³ In lieu of a further grant Siemens Stock Awards for the 2020 term of office, Dr. Jochen Eickholt received a cash payment in May 2020 in the amount of €271,908. This amount corresponds to the pro-rata difference in the target value of Dr. Jochen Eickholt's long-term variable compensation following the adjustment of his target compensation effective April 1, 2020.

⁴ The Supervisory Board elected to grant Dr. Jochen Eickholt a cash payment of €189,000 in lieu of a contribution to the BSAV for the period in fiscal year 2020 during which Dr. Jochen Eickholt was a managing director of the sole general partner (January 1 – September 30, 2020). Of the contribution, €126,000 is attributable pro-rata to the 2020 term of office.

Tim Holt – Member of the Executive Board ¹ (Appointed April 2020)		Payments and benefits granted			Payments and benefits received
		(in thousand of €)	2020	2020 (min)	2020 (max)
Fixed compensation	Base salary	350	350	350	350
	Fringe benefits	43	43	43	43
	Other	0	0	0	0
	Total	394	394	394	394
Variable compensation	Annual variable compensation				
	Bonus ²	353	0	882	319
	Multi-year variable compensation				
	Siemens Stock Awards ³	255	255	255	255
Other ⁴	230	230	230	230	
Total non-performance/performance-based compensation		1,231	878	1,760	1,198
Pension service cost ⁵		3	3	3	3
Total compensation		1,234	881	1,763	1,200
Compensation according to applicable reporting standards					
Performance-based compensation	Annual variable compensation				
	Bonus (paid out amount)	319			
Total compensation (HGB)		1,198			

¹ Tim Holt was granted approximately 70% of his base salary, bonus, and selected fringe benefits by Siemens Energy Inc. (USA) in U.S. dollars. Recurring payments are converted from U.S. dollars into euros using the respective average monthly exchange rate according to the European Central Bank. Target and paid out bonus amounts are converted using the average exchange rate for the 2020 term of office (€1 = \$1.1350).

² The Bonus payment represents the Bonus amount that was determined for fiscal year 2020 and will be paid out in January 2021.

³ At the beginning of fiscal year 2020, Tim Holt received a Siemens Stock Awards grant as part of his role at the time within the Siemens Group (2020 tranche). The fair market of this grant amounted to €615,076, of which €307,538 is attributable to the 2020 term of office on a pro-rata basis. An entitlement to a cash settlement of all outstanding equity grants arose with the completion of the Spin-Off on September 25, 2020 and departure from the Siemens Group. For Tim Holt, the value of this cash settlement amounted to €509,368 for the 2020 tranche of Siemens Stock Awards, of which €254,684 is attributable to the 2020 term of office. Tim Holt is entitled to a cash settlement for all remaining equity grants that were granted by Siemens AG prior to the 2020 term of office amounting to €1,536,605. The cash settlements are to be paid out in fiscal 2021.

⁴ In lieu of a further grant Siemens Stock Awards for the 2020 term of office, Tim Holt received a cash payment in May 2020 in the amount of €230,000. This amount corresponds to the pro-rata difference in the target value of Mr. Holt's long-term variable compensation following the adjustment of his target compensation effective April 1, 2020.

⁵ Due to his participation in retirement plans in the United States, Tim Holt was not granted a cash payment in lieu of BSAV contributions. Mr. Holt received matching contributions amounting to €93,156 under these plans for fiscal year 2020 (conversion from U.S. dollars at the respective average monthly exchange rate). Of these contributions, €2,625 was made during the 2020 term of office.

Additional disclosures on equity-based compensation instruments

2020 term of office

The following table shows changes in the balance of Siemens Stock Awards held by Executive Board members in the 2020 term of office. The table also includes the expenses for each individual Executive Board member arising from stock-based compensation recognized in accordance with IFRS in the 2020 term of office.

(Amounts in number of units)	Siemens Stock Awards grants and matching shares ¹					Expenses for stock-based compensation (in €) ³	
	Balance at beginning of 2020 term of office ²	Granted during term of office	Adjustment for ESG target attainment	Vested and settled during term of office	Forfeited during term of office	Balance at end of 2020 term of office	2020 term of office
Executive Board members in office as of September 30, 2020							
Dr. Christian Bruch	0	0	0	0	0	0	0
Maria Ferraro	19,702	0	(802)	18,900	0	0	325,262
Dr. Jochen Eickholt	27,449	0	(908)	26,541	0	0	333,332
Tim Holt	30,885	0	(1,128)	29,757	0	0	1,603,638
Total	78,035	0	(2,838)	75,197	0	0	2,626,232

¹ Includes Siemens Stock Awards as well as matching shares granted as part of employee share purchase programs in which employees and senior managers of Siemens AG are eligible to participate.

² Includes 26,510 Siemens Stock Awards and 319 matching shares granted during fiscal year 2020 prior to the beginning of the 2020 term of office (total of 26,829 awards and matching shares): 7,661 Siemens Stock Awards and 319 matching shares for Maria Ferraro, 8,410 Siemens Stock Awards for Dr. Jochen Eickholt, and 10,439 Siemens Stock Awards for Tim Holt.

³ Expenses shown for the 2020 term of office. In addition, in fiscal year 2020, expenses for Tim Holt amounting to €25,837 were recognized for the period prior to the 2020 term of office. Siemens Energy accounts for Tim Holt's share-based payment plans as cash-settled plans and for Maria Ferraro and Dr. Jochen Eickholt as equity-settled plans since the latter are classified as Siemens AG grants. The expenses recognized for Tim Holt are not comparable due to different accounting treatment for share-based payment plans settled in cash.

1.10.2 Supervisory Board compensation

The three employees of Siemens AG who served as members of the Supervisory Board in the 2020 term of office (until September 25, 2020) did not receive any additional compensation for their work on the Supervisory Board. Supervisory Board members in office as of September 30, 2020, were appointed effective September 26, 2020, and due to the convening of a meeting of the Supervisory Board on September 29, 2020, received compensation for this period on a pro-rata temporis basis, including additional compensation for work on the Audit Committee and the Presiding Committee. Attendance fees were also paid for members present for the meeting on September 29, 2020.

The compensation regulations applicable to the Supervisory Board are contained in Section 12 of the Company's Articles of Association and will be presented to shareholders for approval at the 2021 Annual Shareholders' Meeting. Supervisory Board compensation consists solely of fixed compensation and reflects the level of responsibility and scope of activities required of members. The Chairman, Deputy Chairman, as well as the Chair and Members of the Presiding Committee, Audit Committee, Finance and Innovation Committee, and Related Party Transactions Committee receive additional compensation.

Compensation of members of Supervisory Board and committees

Fixed compensation of Supervisory Board			
Chairman €240,000	Deputy Chairman €180,000		Member €120,000
Additional compensation for committee work			
Audit Committee	Presiding Committee	Innovation and Finance Committee	Related Party Transaction Committee
Chair €120,000	Chair €120,000	Chair €70,000	Chair €70,000
Member €60,000	Member €60,000	Member €40,000	Member €40,000

For participation in Supervisory Board meetings and committee meetings, each member receives €1,500 per meeting but no more than €3,000 per day in case more than one of such meetings is held on the same day. Members of the Supervisory Board and (or) its committees who have held office for less than a full fiscal year receive their compensation on a pro rata temporis basis.

Members of the Supervisory Board are reimbursed for expenses incurred in the course of performing their duties, including any taxes applicable to those expenses. The Chairman of the Supervisory Board is also provided an office with administrative support and entitlement to use a chauffeur service. Members of the Supervisory Board do not receive any loans or advances.

2020

	Base compensation	Additional compensation for committee work	Attendance fees	Total
Supervisory Board members in office as of September 30, 2020				
Joe Kaeser (Chairman)	20,000	15,000	1,500	36,500
Dr. Christine Maria Bortenlänger	10,000	5,000	1,500	16,500
Sigmar Gabriel	10,000	–	1,500	11,500
Geisha Jimenez Williams	10,000	–	1,500	11,500
Dr.-Ing. Hubert Lienhard (Deputy Chairman)	15,000	5,000	1,500	21,500
Hildegard Müller	10,000	–	1,500	11,500
Laurence Mulliez	10,000	5,000	1,500	16,500
Matthias E. Rebellius	10,000	–	1,500	11,500
Prof. Dr. Ralf P. Thomas	10,000	10,000	1,500	21,500
Randy Zwirn	10,000	–	1,500	11,500
Total	115,000	40,000	15,000	170,000

1.10.3 Other

The Company provides a directors' and officers' liability group insurance policy for Supervisory and Executive Board members and certain other employees of the Siemens Energy Group. The policy is taken out for one year at a time and renewed annually. It covers the personal liability of the insured individuals in cases of financial loss associated with their activities on behalf of the Company. With effect from their appointment as members of the Executive Board, they are subject to a mandatory deductible that complies with the requirements of the German Stock Corporation Act.

1.10.4 Compensation system for the Executive Board from fiscal year 2021

The compensation system for the members of the Executive Board, which takes effect starting with fiscal year 2021, is established by the Supervisory Board. The Presiding Committee makes recommendations on the compensation system to the Supervisory Board. After approval by the Supervisory Board, the compensation system is submitted to the Annual Shareholders' Meeting for approval ("say on pay"). The system will be presented to shareholders for approval at Siemens Energy's first Annual Shareholders' Meeting on February 10, 2021.

The following core principles drive the design of Executive Board compensation:

- The compensation system for members of the Executive Board should contribute to implementing the Company's strategy by setting appropriate incentives.
- Focus on successful, sustainable management of the Company: Executive Board members are expected to make a long-term commitment to the Company. For this reason, a substantial portion of their total compensation is linked to the performance of the Siemens Energy Group over a multi-year period.
- Compensation linked to performance: The Company's size, complexity, and operational performance should be reflected in the Executive Board's compensation. Exceptional achievements are to be adequately rewarded, while failing to meet targets results in an appreciable reduction in compensation.

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

Criteria for assessing the appropriateness of Executive Board compensation



The review is generally based on a comparison with other German companies, primarily those listed in the DAX and MDAX German stock indices. In addition, the Supervisory Board takes account of the evolution of Executive Board compensation in relation to the compensation paid to Siemens Energy's workforce in Germany. In this vertical

comparison, the Supervisory Board determines the ratio of Executive Board compensation to the compensation paid to top executives (Senior Management contract group) and the rest of the workforce (employees covered by collective bargaining agreements and employees outside of those agreements).

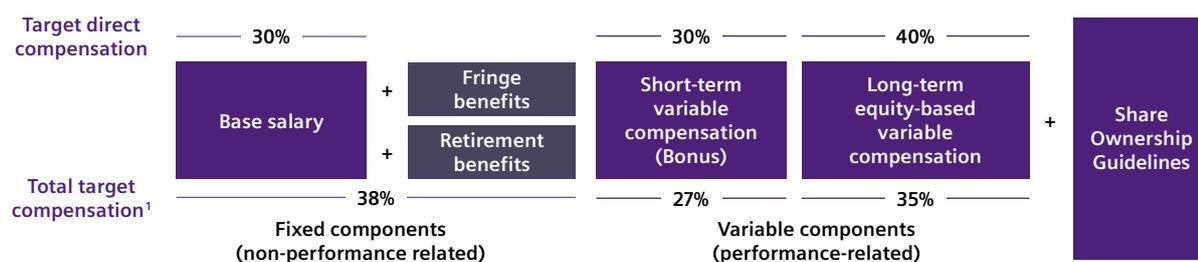
Structure and components of Executive Board compensation

Executive Board compensation comprises both non-performance-based and performance-based elements and is divided into three main components: fixed compensation (base salary, fringe benefits, and retirement benefits), short-term variable compensation and long-term equity-based variable compensation. Variable compensation comprises approximately 60% of each Executive Board member's total target compensation, and a substantial majority of variable compensation is tied to multi-year performance as well as to Siemens Energy's share price, thus aligning the Executive Board's compensation with the Company's long-term, sustainable development.

Maximum compensation for a fiscal year is defined according to Section 87a of the Stock Corporation Act (AktG) as part of the Executive Board's compensation system. From fiscal year 2021, maximum compensation for the President and CEO amounts to €9,950,000 and for the remaining members of the Executive Board, €4,950,000.

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

Components of the Executive Board's compensation system



¹ Can vary depending on value of benefits, in particular for Executive Board members whose place of employment is located outside of Germany.

In general, Executive Board members' compensation is defined in euros; however, the Supervisory Board may set compensation in local currency for Executive Board members whose primary place of employment or permanent residence is located outside of the Eurozone. Compensation for Tim Holt, whose primary place of employment is in the United States, is defined in euros. For his base salary, target bonus, and selected benefits, these euro amounts are converted at the beginning of each fiscal year into U.S. dollars using the average exchange rate in the month of August according to the European Central Bank. For fiscal year 2021, the relevant exchange rate is €1.00 = \$1.1828.

Fixed components

Base salary

Each member of the Executive Board receives base compensation for performing his or her Executive Board duties. This compensation is paid in 12 monthly installments. For Executive Board members residing outside of Germany, the frequency of payments may differ in accordance with

local practice. For fiscal year 2021, annual base salary amounts to:

- €1,440,000 for the President and CEO, Dr. Christian Bruch,
- €720,000 for Maria Ferraro and Dr. Jochen Eickholt, and
- €720,000 for Tim Holt (\$851,616 at €1.00 = \$1.1828).

Fringe benefits

Members of the Executive Board receive fringe benefits in line with market practice, including, for example, the provision of a company car, contributions toward the cost of insurance policies, and reimbursement of expenses for legal and tax advice, and accommodation and moving expenses upon first appointment or change of primary location of employment, including a gross-up provided by the Company for any taxes due in this regard.

Prior to the beginning of a fiscal year, the Supervisory Board defines for each member of the Executive Board a maximum monetary value of fringe benefits as a percentage of base salary. In the event that a member of the Executive Board resides outside of his or her home country, the Supervisory Board may define an additional amount by which the maximum monetary value of fringe benefits is increased in order to take account of additional expenses, for example, reimbursement for taxation in multiple countries.

For fiscal year 2021, the Supervisory Board established a maximum monetary value of 8% of base salary. For Tim Holt, additional benefits related to residence in a foreign country, including any tax gross ups, may be reimbursed up to a maximum of €400,000. The Supervisory Board also resolved to exclude from consideration under the maximum monetary value of individual contractual commitments that were made to Maria Ferraro and assumed by the Company from the sole general partner. These comprise reimbursement of school fees, storage costs, and tax advisory services for a roughly two-year period beginning in May 2020.

Retirement benefits

The members of the Executive Board are eligible to participate in a pension plan, in which the Company can provide contributions – which are defined in terms of a fixed euro amount – to their individual pension accounts. Under consideration of market appropriateness, the Supervisory Board decides each year whether and in what amount to grant contributions. In place of a pension contribution, the Supervisory Board may elect to grant an unrestricted cash amount (pension substitute).

Entitlement	Completion of age 62
Non-forfeiture	In principle, in line with the legal requirements of the German Company Pension Law
Payment	12 yearly installments; further payment options are available upon request: a lower number of installments, lump-sum payment, as well as conversion into an annuity with or without survivors' benefits, or a combination of these payment options
Guaranteed interest	Up until occurrence of a covered event, guaranteed annual interest payment credited to the pension account (currently: 0.9%)
Disability/death	Risk coverage for covered event due to invalidity or death prior to age 60 via crediting of additional annual contributions for the years between the covered event and age 60

In order to comply with local tax regulations, different pension rules may apply to Executive Board members whose place of employment is outside of Germany.

For fiscal year 2021, in lieu of contributions to the pension plan, all members of the Executive Board have been granted a pension substitute in the following amounts:

- €500,000 for the President and CEO, Dr. Christian Bruch,
- €250,000 for Maria Ferraro, Dr. Jochen Eickholt and Tim Holt

Tim Holt participates in local retirement plans offered in the United States; the value of Company contributions to these plans on behalf of Tim Holt are credited against the pension substitute.

Variable components

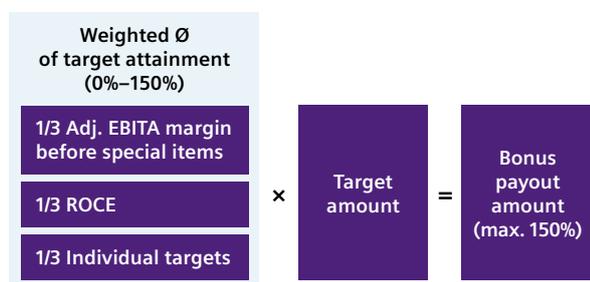
Short-term variable compensation (Bonus)

A substantial portion of the Executive Board members' compensation is tied to Siemens Energy's annual performance (bonus). For fiscal year 2021, the annual target bonus amounts to

- €1,440,000 for the President and CEO, Dr. Christian Bruch,
- €720,000 for Maria Ferraro and Dr. Jochen Eickholt, and
- €720,000 for Tim Holt (\$851,616 at €1.00 = \$1.1828)

The final payout amount depends on the attainment of financial and non-financial targets and may not exceed 150% of the target amount (cap). Targets are divided into three equally weighted components: Adjusted EBITA margin before Special items, Return on Capital Employed (ROCE), and individual targets. Adjusted EBITA margin before Special items and ROCE reflect the short-term financial performance of the Siemens Energy Group.

Determination of bonus payout amount



For the individual targets, prior the beginning of the respective fiscal year, the Supervisory Board selects between two and four targets. The following individual targets were selected for the fiscal year 2021 bonus:

Individual targets for fiscal year 2021 (Bonus)

	Target 1: Financial	Target 2: Non-financial	Target 3: Non-financial
Dr. Christian Bruch	Cash Conversion Rate	Implementation of strategic priorities	Succession planning/ talent management
Maria Ferraro			Diversity
Dr. Jochen Eickholt			Optimization/efficiency gains
Tim Holt			Digitalization

It is intended that the target values representing 0%, 100%, and 150% target attainment for Adjusted EBITA margin before Special items and ROCE and their actual target attainment for fiscal year 2021, as well as the actual target attainment for individual targets, will be disclosed in the Compensation Report for fiscal year 2021.

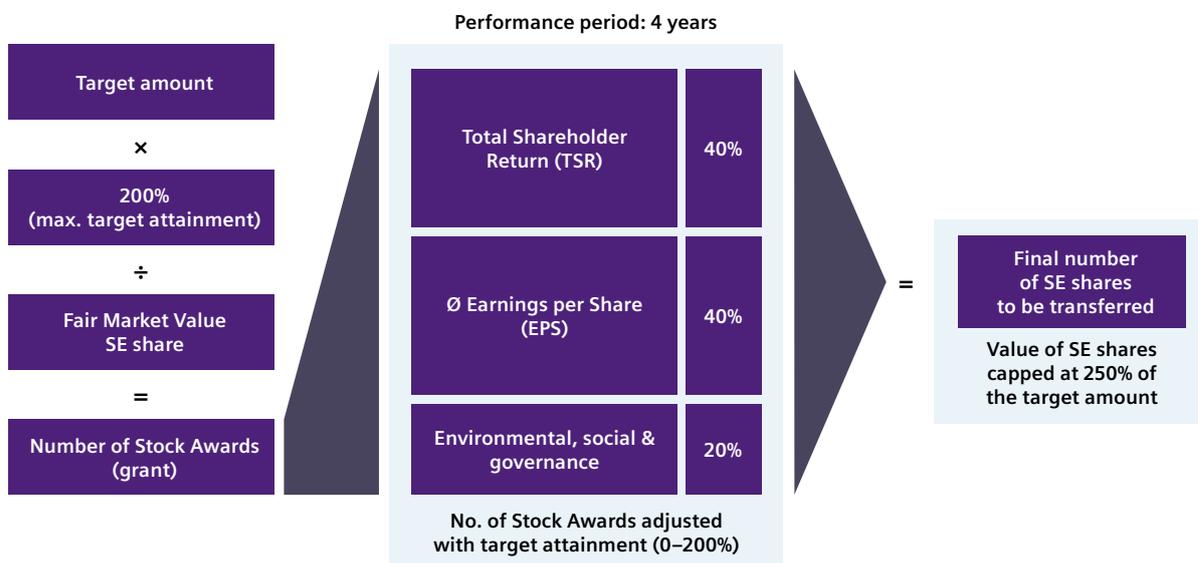
Long-term equity-based variable compensation

At the beginning of a fiscal year, long-term equity-based variable compensation is granted to the members of the Executive Board in the form of Stock Awards. Each Stock Award confers the right to receive one Siemens Energy share after a vesting period of approximately four years, contingent upon attaining pre-defined performance

targets. The annual target value of a Stock Awards grant is contractually agreed with each member of the Executive Board. For fiscal year 2021, the annual target amount for long-term equity-based variable compensation equals

- €1,920,000 for the President and CEO, Dr. Christian Bruch,
- €960,000 for Maria Ferraro and Dr. Jochen Eickholt, and
- €960,000 for Tim Holt
(grant in euros; no conversion to U.S. dollars)

Stock Awards – Determination of target attainment and number of shares



The number of stock awards to be granted is calculated by multiplying the maximum possible degree of target attainment – 200% – by the target amount and then dividing this figure by the price of Siemens Energy shares on the grant date in Xetra trading, discounted for the value of estimated dividends during the four-year vesting period (Fair Market Value). After the end of the vesting period, members of the Executive Board are entitled to receive one Siemens Energy share for each Stock Award, whereby the final number of Stock Awards is determined by the attainment of the following targets during the performance period:

- **Total Shareholder Return (TSR):** TSR reflects the change in value of a company’s share over a defined period of time (in this case, four years), including any dividends paid during this period. Siemens Energy’s TSR is compared

against the respective TSR of two sector indices of international companies, the STOXX Global 1800 Industrial Goods and Services (70%) and the MVIS US Oil Services 25 (30%) or comparable successor indices.

- **Earnings per Share (EPS):** Siemens Energy’s earnings per share EPS are measured according to the average earnings per share from continuing operations of the Siemens Energy Group over the four fiscal years during the vesting period.
- **Environmental, social & governance (ESG):** Three non-financial targets are selected that reflect strategic ESG priorities for Siemens Energy. These targets are part of the Company’s regular reporting on sustainability.

	Target setting	Performance measurement
TSR	<p>If Siemens Energy AG's TSR during the performance period:</p> <ul style="list-style-type: none"> Exceeds the comparison index by 20 percentage points or more, target attainment = 200%. Equals that of the comparison index, target attainment = 100%. Is 20 percentage points or more below that of the comparison index, target attainment = 0%. <p>Performance between these values is determined via linear interpolation.</p>	<p>For Siemens Energy AG and the comparison indices, TSR is measured by comparing the average value of the month-end return index over the first 12 months of the performance period with the average month-end return index over the following 36 months.</p> <p>Once a change in TSR has been determined for Siemens Energy AG and the comparison indices, Siemens Energy AG's TSR is compared with the respective index's TSR.</p>
EPS	<p>At the beginning of a Stock Awards tranche, the Supervisory Board defines a target value for the average EPS from continuing operations over the four fiscal years of the vesting period, as well as EPS values representing 0% and 200% target attainment.</p>	<p>Target attainment for the EPS component is determined by comparing the actual value with the target corridor set at the beginning of the tranche.</p>
ESG	<p>At the beginning of a Stock Awards tranche, the Supervisory Board selects up to three performance indicators for the ESG component. These performance indicators can be equally weighted, or the Supervisory Board can assign each a higher or lower weighting. The Supervisory Board sets targets for each performance indicator to be achieved by the end of the performance period, as well as values representing 0% and 200% target attainment.</p>	<p>After the end of the performance period, target attainment is determined for each performance indicator. Total target attainment represents the weighted average of the target attainment for each ESG performance indicator.</p>

The following ESG targets have been selected for the 2021 Stock Awards tranche:

	Target definition	Weighting
Environmental	Decarbonization target set based on direct greenhouse gas emissions that arise from sources in the Company's ownership or under its control (Scope 1) and the consumption of purchased electrical energy and district heating (Scope 2).	33.34%
Social	Employee engagement target measured as the employee net promoter score (eNPS), set on the basis of the results of a global survey of Siemens Energy's employees.	33.33%
Governance	Target for share of women in leadership positions (defined according functional value) based on the Company's long-term target of 25% by 2025.	33.33%

The monetary value of the final number of Stock Awards may not exceed 250% of the target amount (cap). Any corresponding number of Stock Awards in excess will be forfeited without replacement.

In the event of exceptional, unforeseen events that have an influence on the performance criteria, the Supervisory Board may decide that the number of granted Stock Awards will be reduced after the fact, that a cash settlement of a limited amount to be determined will take place instead of a transfer of Siemens Energy shares, or that the transfer of Siemens Energy shares for vested Stock Awards will be suspended until the event ceases to influence the performance criteria.

If the employment contract of an Executive Board member begins during the fiscal year, an equivalent number of forfeitable virtual Stock Awards (Phantom Stock Awards) will be granted instead of Stock Awards. Unlike the Stock Awards, the Phantom Stock Awards will not be settled by a transfer of shares, but by a cash payment at the end of the vesting period. Remaining provisions applicable to the Stock Awards apply analogously.

Malus and clawback regulations for variable compensation

The Supervisory Board has the option of withholding (malus) or reclaiming (clawback) the short-term and long-term variable compensation in the following cases. In cases

of severe breaches of duty or compliance and (or) severely unethical behavior, the Supervisory Board may review the payout amount of short-term variable compensation and reduce it to as little as zero, depending on the extent of the violation, at its duty-bound exercised discretion. In such cases, it also has the option of allowing the long-term variable compensation to be forfeited in full or in part without refund or replacement, depending on the severity of the breach.

In the event that an Executive Board member commits a grossly negligent or willful breach of the duty of care expected of a prudent and conscientious manager according to Section 93 para. 1 German Stock Corporation Act (Aktiengesetz), the Company is entitled to reclaim the variable remuneration components already paid out (bonus and (or) stock awards granted) in full or in part for the respective assessment period in which the breach of duty occurred, or to declare that Stock Awards will be forfeited.

If variable compensation components (bonus and (or) Stock Awards) based on the achievement of specific objectives were unduly paid out on the basis of incorrect data, the Company is entitled to reclaim the difference in compensation resulting from the recalculation of the variable compensation in comparison to the original payment made. The Company has to demonstrate that the underlying data used in the calculation of the compensation was incorrect and that therefore the variable compensation of the member of the Executive Board member was too high.

The possibilities to claim repayment of granted variable compensation or enforce damage claims also apply if the appointment or employment relationship with the member of the Executive Board has already ended at the time that this claim can be made. Claims for damages against the member of the Executive Board remain unaffected.

Share Ownership Guidelines

According to Siemens Energy's Share Ownership Guidelines, members of the Executive Board are required to hold Siemens Energy shares equal in value to a multiple of their base salary – 300% for the President and CEO and 200% for all other members. Members of the Executive Board are given a build up over a period of approximately four years to acquire the required number of shares. If changes in the share price of Siemens Energy causes the

value of the acquired holdings to fall below the required threshold, members of the Executive Board must purchase additional shares.

Commitments in connection with termination of an Executive Board member's term of office

The compensation system also governs the amount of compensation paid to an Executive Board member when his or her term of office on the Executive Board is terminated early. When a member leaves office, his or her short-term variable compensation (bonus) is calculated on a pro rata basis after the end of the fiscal year and is granted on the regular payout date.

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

- Stock Awards for which the vesting period has not yet ended will be forfeited without refund or replacement if the employment contract is not renewed at the end of a term of office at the Executive Board member's request or if there is serious cause that entitles the Company to revoke the member's appointment or terminate his or her employment contract
- Stock Awards will not be forfeited, however, if the employment contract is terminated by mutual agreement at the Company's request, in the event of death or in connection with a Spin-Off, but will instead be settled with a cash payment. If the termination is in connection with retirement, invalidity or a transfer to a different company within the group, Stock Awards remain unaffected.
- Stock Awards granted at the beginning of the fiscal year in which the Executive Board member leaves office will be calculated and reduced on a pro rata basis. When an Executive Board member leaves the Company, any existing Stock Awards will only be transferred at their due date.

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

- **Termination due to regular expiry of the term of office**
No severance payments or special pension contributions or pension substitutes are made.

- **Termination by mutual agreement without cause**

In the event of early mutual termination of membership on the Executive Board without cause, Executive Board contracts provide for a compensatory payment:

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

- **Early termination at the request of the Executive Board member or in the event of termination for cause by the Company**

None of the benefits listed in the table above will be provided.

- **Change of control**

There are no special regulations that apply in the event of a change of control.

Other

Members of the Executive Board do not receive any loans or advances from the Company