

Annual Shareholders' Meeting of Siemens Energy AG on February 7, 2023

Report of the Executive Board on Agenda item 12

Pursuant to the authorization to acquire treasury shares that was adopted at the Shareholders' Meeting on September 18, 2020, and is valid until the end of July 31, 2025, the Company carried out a share buyback program with a total volume of €392,999,992.62, which ended with the final notification on March 19, 2021. The Company acquired 16,933,496 shares as part of that. The repurchased shares were and will be used by the Company to service obligations under share-based compensation or employee share programs. These programs are described in more detail in the report of the Executive Board on Agenda Item 10 of the Shareholders' Meeting on February 7, 2023, which is reproduced in the Notice of that Shareholders' Meeting. As far as Executive Board compensation is concerned, reference is made to the Compensation Report for fiscal year 2022, which is likewise reproduced in the Notice of Shareholders' Meeting on February 7, 2023. In the past fiscal year, a total of 4,839,941 shares were issued with subscription rights excluded for the purposes of employee participation.

On September 6, 2022, the Company also placed a mandatory convertible bond in the total nominal amount of €960,000,000.00. The shares to be issued in order to service this mandatory convertible bond count toward the volume of shares that are to be used under the repurchase authorization 2020 with the exclusion of shareholders' subscription rights. The Company is therefore seeking renewed authorization from this year's Shareholders' Meeting to acquire and use treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG). The authorization to use these shares is to cover both treasury shares still to be acquired on the basis of the newly granted authorization and treasury shares acquired on the basis of earlier authorizations. The existing repurchase authorization is to be canceled in this connection.

The Company is to be able to repurchase treasury shares over a period of five years in an amount of up to 10% of the capital stock and thus make use of the legal framework for such authorizations. The acquisition of treasury shares may be effected as purchase via the stock exchange, by means of a public purchase offer or through a public offer to swap made by the Company itself or any of its Group companies, or by third parties acting on behalf of the Company or any of its Group companies. Shares can also be acquired on the stock exchange as part of a structured repurchase program, which a credit institution or an enterprise operating under Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or Section 53b (7) of the German Banking Act (KWG) or a consortium of such credit institutions or enterprises is engaged to conduct. The option of an offer to swap shares gives the Company added flexibility, since it can also offer shares it holds in a listed company within the meaning of Section 3 (2) of the German Stock Corporation Act (AktG) instead of cash as a consideration for acquiring treasury shares. For shareholders, too, such a swap offer can also be an attractive alternative to a public purchase offer.

If the number of Siemens Energy Shares tendered or offered for purchase or swap exceeds the total volume of shares the Company intends to acquire, the shareholders' tender right may be excluded to the extent that, instead of in proportion to their percentage of ownership, the purchase will be in proportion to the Siemens Energy shares tendered or offered by each shareholder in order to facilitate the allocation process. The preferential treatment of small numbers of up to 150 shares tendered or offered per shareholder and rounding according to commercial principles also facilitates the allocation process.

The authorization also includes the use or sale of treasury shares as described in greater detail below, in particular to the extent that it involves an exclusion of the subscription right of the shareholders.

Pursuant to the authorization proposed under Agenda Item 12 lit. f) no. (3), the repurchased treasury shares may be used in connection with share-based compensation or employee share programs of the Company or its Group companies and may be issued to persons who are or were employed with the Company or any of its Group companies as well as to members of the representative body of a Group company. Siemens Energy promotes an ownership culture at the Company and enables employees and managers, where possible worldwide, to participate in the Company and its development by means of share programs and share-based compensation. This participation is also desired by legislators and therefore is facilitated in several ways. Employee stock ownership plans in which Siemens Energy shares can be acquired as part of additional stock awards without additional payment (the Direct Match Program) have already been established in certain countries.

The issue of shares to employees of Siemens Energy AG or its affiliated Group companies and to members of the representative body of a Group company of Siemens Energy AG is intended to enhance the identification of these

persons with Siemens Energy. Their long-term loyalty to the Company is to be reinforced and they are to be enabled to participate as shareholders in the Company's long-term development. The aim, in the interests of the Company and its shareholders, is to strengthen the understanding and willingness to accept greater, especially economic, responsibility. The issue of shares also makes it possible to create schemes with long-term incentive effects in which both positive and negative developments can be reflected. For example, this enables the grant of shares with a lock-up period or vesting period or sales-deferring inducements to have not just a bonus effect, but, in the case of negative developments, also a malus effect, and therefore is intended to act as an incentive to focus on a sustainable increase in the Company's value. Since the shares are to be issued only to specific persons, the exclusion of subscription rights is required. In the view of the Executive Board and Supervisory Board, this is justified by the positive effects associated with share-based employee participation in the Company.

Furthermore, the authorization proposed under Agenda Item 12 lit. g) is designed to enable the Company to use repurchased treasury shares to service obligations or rights to acquire Siemens Energy shares that were or will be agreed with members of the Executive Board of Siemens Energy AG in the context of the provisions on Executive Board compensation. The authorization is limited in this case to 5% of the capital stock at the time this authorization becomes effective or, if this amount is lower, the capital stock at the time at which the authorization is used, with any shares issued from authorized capital for the purposes of Executive Board compensation with the exclusion of subscription rights also being counted toward this limit. Again, to this extent, the exclusion of shareholders' subscription rights is required. Variable compensation components may thus be granted which provide an incentive for sustainable management over the long term, for example by a part of the variable compensation, instead of being paid in cash, being granted in the form of shares subject to a certain lock-up period or stock awards that are subject to a vesting period. In addition, such stock-based compensation components can be linked to specific performance targets, such as the development of the price of Siemens Energy shares relative to competitors or other targets related to increasing company value or sustainability.

The calculated proportion of the capital stock attributable to treasury shares issued on the basis of this authorization in connection with share-based compensation or employee share programs of the Company or any of its Group companies within the meaning of Section 18 of the German Stock Corporation Act (AktG) to employees of the Company and its Group companies, to members of the representative body of a Group company, and to members of the Company's Executive Board as part of Executive Board compensation may not exceed a total of 10% of the capital stock pursuant to lit. i) of the authorization proposed under Agenda Item 12, with any shares issued from authorized capital for this purpose also being counted toward this capital limit. Applicable in this case is the capital stock at the time this authorization becomes effective or, if this amount is lower, at the time at which this authorization is used.

The decision on the design of the instrument to be used and the method of servicing is determined by the Supervisory Board with regard to shares used in the context of Executive Board compensation, and by the Executive Board with regard to the other share-based compensation or employee share programs. In reaching their decisions, these boards will focus solely on promoting the interests of the Company and the shareholders.

Furthermore, the authorization proposed under Agenda Item 12 lit. f) no. (4) is designed to enable the Company, with the approval of the Supervisory Board, to sell purchased treasury shares against payment in cash with the exclusion of subscription rights, e.g., to one or more specific investors or groups of investors and to seek to attract new groups of shareholders. The sale shall be subject to the condition that the selling price is not significantly lower than the stock market price of a Siemens Energy share. The possibility of selling repurchased treasury shares against payment in cash with the exclusion of shareholders' subscription rights serves the interests of the Company to obtain the best price possible on the sale. By excluding subscription rights, it is possible to place the shares close to the market price, i.e., the discount normally associated with rights issues is eliminated. Compared to selling the shares on the stock exchange over a lengthy period of time, this approach results in an immediate inflow of funds and avoids the uncertainties of future stock market developments in relation to the total purchase price that is obtained. It enables the Company to exploit opportunities that arise in the context of prevailing stock market conditions quickly, flexibly and cost-effectively. The calculated proportion of the capital stock attributable to the shares sold under this kind of facilitated exclusion of subscription rights must not exceed 10% of the capital stock existing at the time the authorization takes effect or, if this amount is lower, at the time the authorization is used. By basing the selling price on the stock market price, the desirability of dilution protection and shareholders' interests in safeguarding their assets and voting rights are given due consideration. When determining the final selling price, Management shall endeavor to keep any possible markdown on the quoted stock market price as low as possible, taking into account current market conditions. Generally, shareholders will be able to maintain their percentage of ownership in the Company by purchasing Siemens Energy shares on the stock exchange under comparable terms and conditions, while the Company is provided with additional leeway for maneuver in the interests of all shareholders. The proposed authorization ensures that the number of treasury shares issued pursuant to Agenda Item 12 lit. f) no. (4) – by way of facilitated exclusion of shareholders' subscription rights in *mutatis mutandis* application of the provisions of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) – plus the number of other shares issued from authorized capital during the term of the authorization to acquire shares or sold in *mutatis mutandis* application of the provisions of Section 186 (3) sentence 4 of the German Stock Corporation

Act (AktG) up to the time of it being exercised in direct or *mutatis mutandis* application of said provisions, or that have been issued or granted or are to be issued or granted on the basis of a convertible bond or warrant bond issued during the term of this authorization, with shareholders' subscription rights excluded in accordance with Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG), does not exceed the limit of 10% of the capital stock, taking into account the shares to be counted toward said limit as specified in the resolution proposal, either at the time the authorization takes effect or at the time of the authorization is used.

In addition, under the authorization proposed under 12 lit. f) no. (5) the Company should be able to use treasury shares to service or secure obligations or rights to acquire Siemens Energy shares arising particularly from or in connection with convertible bonds or warrant bonds of the Company or its Group companies. In its decision whether to use treasury shares or to issue new shares when servicing these obligations or rights, the Executive Board will duly consider the interests of the shareholders. The same applies to the question of the – also possibly exclusive – serviceability of convertible bonds or warrant bonds using treasury shares. The exclusion of shareholders' subscription rights is a prerequisite in all such cases. This also applies if a customary market form of dilution protection is granted to the extent that holders/creditors of conversion or option rights or conversion or option obligations on shares of the Company are granted subscription rights to shares in the event of rights issues by the Company to the extent to which they would be entitled after having exercised such rights or fulfilled such obligations.

The authorization is also intended to enable the Executive Board to use treasury shares to float shares of the Company on foreign stock exchanges on which they have not been previously listed. The Company faces intense competition on the international capital markets. The ability to raise equity capital on the market at reasonable conditions at any time is of great importance for its future business development. The possible floating of the share on foreign stock exchanges is conducive to that, because it broadens the shareholder base outside Germany and increases the attractiveness of the share as an investment. The proposed exclusion of subscription rights enables such a float on foreign stock exchanges. In order to protect the interests of shareholders, the resolution contains clear and restrictive specifications regarding the price at which these shares are floated on foreign stock exchanges.

Furthermore, pursuant to the authorization proposed under 12 lit. j) in the event of a sale of treasury shares by a public offer to all shareholders, shareholders' subscription right for fractional amounts could also be excluded in order to facilitate ease of handling.

Finally, the Company shall pursuant to the authorization proposed under Agenda Item 12 lit. f) no. (2) be entitled to cancel treasury shares without requiring an additional resolution by the Shareholders' Meeting. Such cancellations may also be carried out without a capital reduction, with the result that the calculated proportion of the other no-par value shares in the Company's capital stock is increased. In this event, the Executive Board is authorized to amend the number of shares of no par value in the Articles of Association.

The Executive Board will inform the Shareholders' Meeting of the use of the authorization.

Berlin, December 2, 2022

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