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ENGAGEMENT NOTE

28 JANUARY 2014

Dr. Hans-Christoph Hirt, Director of Hermes Equity Ownership Services, provides commentary ahead of the Siemens annual general meeting today:

“On behalf of the institutional investors and pension funds which we represent, we are concerned about certain aspects of corporate governance at Siemens and would encourage a change at the top of the company’s Supervisory Board within the next couple of years.

“The current Chair, Dr. Cromme, has been on the Supervisory Board of Siemens since 2003, and was appointed Chair in 2007. When standing for election for a third five year term in 2013, it was the implicit understanding of many substantial shareholders of Siemens that he would not serve out the full term. However, it now appears Dr.Cromme has no intention to step down as Chair before 2018.

“Whilst we recognise the valuable contribution Dr. Cromme has made to Siemens in the aftermath of the compliance crisis that unfolded from 2006, we urge him to present a successor to shareholders at the AGM in January 2015, at the very latest.

“The call for change comes following the abrupt and messy departure of the company’s former CEO, Mr. Löscher, last summer after about a year into his renewed five year contract, which raised fundamental questions about the performance of the Supervisory Board’s main tasks.

“Though we are pleased with the appointment of Mr. Kaeser as CEO in the summer of 2013, the CEO transition appeared ill-prepared and poorly executed and damaged the company’s reputation

“The strengthening of the Supervisory Board in 2013, including the most recent addition of Dr. Snabe, was welcomed; however, further change is needed, not least because there is at present no obvious successor for the current Chair.

“It is our view that a change at the top of the Supervisory Board would allow Siemens to put behind the controversies around the recent CEO succession and should generate new momentum regarding the strategic challenges and opportunities it will face over the coming years.

“While we recognise that a carefully structured and planned Chair succession takes time, we believe that Dr. Cromme should present a successor to shareholders at the AGM in January 2015.”

-ENDS-

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Notes to Editors:

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