

To: Supervisory Board of Siemens AG

From: Sarasin & Partners LLP

February 13, 2025

## 2025 AGM Statement

Dear Members of the Supervisory Board, dear Mr. Chairman,

Thank you for the opportunity to speak at the Annual Shareholders' Meeting of Siemens AG.

My name is Julia Shatikova. I represent Sarasin & Partners LLP, a UK-based asset manager and a shareholder in Siemens AG on behalf of our clients.

We would like to draw the Board's and shareholders' attention to the staggered structure of the Supervisory Board.

As we emphasized in our annual post-proxy letters to Chair Mr. Jim Snabe and in multiple discussions with Investor Relations, we do not believe this structure serves shareholders' best interests. Voting for directors' appointment is a fundamental investor right and a critical mechanism for ensuring accountability. When shareholders have concerns about a Supervisory Board member's work, for example as a member of a board committee<sup>1</sup>, they should have the right to express these concerns by voting against that director's appointment. This is a well-established global principle of board accountability.

As evidence of the importance of such accountability for company performance, empirical research suggests that staggered boards are associated with lower firm value<sup>2</sup>.

At Siemens, members of the Supervisory Board are elected for four-year terms at different intervals. For instance, at last year's AGM, not a single director was up for election. As a result, we had to utilise a discharge vote on the Chair, who also serves as the Chair of the Nomination and Governance Committees and is responsible for this structure. We used the discharge vote as a substitute for an appointment vote. However, while a discharge vote is often interpreted as signalling approval of a director's actions<sup>3</sup>, we, as international investors, do not see it as an appropriate proxy. The proper mechanism to express concerns is an appointment vote.

At the current AGM, five out of ten shareholder-appointed Supervisory Board members are up for election, with most directors to serve four-year terms. We do not view this as good practice, as it means shareholders will be unable to vote against these directors for the next three years, even if concerns about their performance arise.

I would like to make three additional points:

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<sup>1</sup> Such as remuneration committee in the case of executive compensation concerns, or nomination committee in the case of concerns over board or committee independence.

<sup>2</sup><https://hls.harvard.edu/bibliography/the-costs-of-entrenched-boards/>;  
[https://www.nber.org/system/files/working\\_papers/w17127/w17127.pdf](https://www.nber.org/system/files/working_papers/w17127/w17127.pdf)

<sup>3</sup> Principle 8 of the German Corporate Governance Code says: "The General Meeting ... approves the actions of the Management Board and the Supervisory Board by way of discharge".



**Board Stability:** During our recent engagement call with Investor Relations, we were told that prolonged election terms are intended to ensure board stability during the period of transformation at Siemens. We respectfully disagree. True stability comes from a well-functioning board that shareholders actively support through their votes. Shielding directors from regular elections does not contribute to stability.

**Director's term:** A director's term in the contract can still be set at four years, but with the provision that shareholders must approve their continued service on annual basis. In practice, directors are rarely at risk of not being re-elected, but the level of shareholder support serves as a crucial indicator of confidence in a director's performance.

**Regulatory Guidance:** Neither the German Corporate Governance Code nor corporate law explicitly recommends staggered board terms. The German Stock Corporation Act (*Aktiengesetz*) states that Supervisory Board members *may* be elected for terms of up to five years<sup>4</sup>, but this is not framed as a recommendation.

In summary, we urge the Supervisory Board to consider reviewing its current structure in favour of annual director elections.

We are voting against Chair Mr. Snabe (item 7.1) due to the continued situation of the staggered board. But we hope that this situation can be resolved in the future.

Thank you.

Julia Shatikova,  
Ownership Lead, Business Partner

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<sup>4</sup> "The members of the supervisory board may not be appointed for a term of office extending beyond the time at which that general meeting is closed that is to adopt a resolution regarding the approval of the management's actions taken in the fourth financial year following the commencement of their term of office and regarding the discharge to be granted to the management. The financial year in which the term of office begins is not counted." [https://www.gesetze-im-internet.de/englisch\\_aktg/englisch\\_aktg.html](https://www.gesetze-im-internet.de/englisch_aktg/englisch_aktg.html) Section 102.

