

# Voting bulletin

As part of our fiduciary duty, BlackRock’s Investment Stewardship team (BIS) advocates for sound corporate governance and business practices that are aligned with long-term sustainable financial performance. This objective underpins all our engagements and votes at company meetings.

We engage company leadership on key topics emphasizing governance practices including management of environmental and social factors that potentially have material economic, operational or reputational ramifications for the company.

We determine our engagement priorities based on our observation of market developments and emerging governance themes, and evolve them year over year as necessary. The BIS team’s key engagement priorities include:

1. Board Quality
2. Environmental risks and opportunities
3. Corporate Strategy and Capital Allocation
4. Compensation that promotes long-termism
5. Human capital management

We are committed to enhancing the transparency of our stewardship practices. Where we believe it will help to understand our voting decisions at shareholder meetings, we will publish a Voting Bulletin explaining the rationale for how we have voted, and (where relevant) providing information around our engagement with the issuer.

These Voting Bulletins are made public on, or shortly after, the day of the meeting.

<b>Company</b>	<b>Siemens AG</b>
<b>Meeting Date</b>	5th February 2020
<b>Resolutions</b>	See below
<b>Board recommendation</b>	n/a
<b>BlackRock Vote</b>	BIS voted in favour of all management proposals

## Overview

Siemens AG is an industrial conglomerate that provides services and solutions to companies including those in the energy sector. Siemens is listed in Germany.

BIS regularly reviews Siemens’ governance structure and risk profile. We have engaged with Siemens’ board and management on a range of material issues driving long-term shareholder value, including board composition, strategy and compensation in accordance with our engagement priorities set out above. The company has demonstrated positive evolution on these matters. We are supportive of the company’s progress, including on the sustainability goal it set out in 2015, namely to achieve carbon neutral operations by 2030. Siemens provides annual updates on its progress, in line with our expectations to-date on company reporting.

## Adani rail contract for the Carmichael coalmine

Siemens is currently engaged in a contract to supply signaling equipment for the railway line servicing the Carmichael mine in Australia. The size of this contract is relatively small (c. €18 million), both in terms of Siemens' business (c. €87 billion FY 2019 revenue) and the Carmichael project itself (c. US\$1.7 billion project capital expenditure). However, recent NGO and media attention on the contract highlights the breadth of risks facing companies in this space.

As is consistent with our investment stewardship approach, we engaged with Siemens directly on the issue. While the company followed its internal review process for the project, it is nevertheless clear that it requires a more thorough review of the potential risks, including ESG risks, presented by future projects. We are reassured by the company's acknowledgment that it intends to do this.

Our evaluation of the board and the management of the company is not materially altered by this event. We will remain engaged with the company to continue to monitor and understand its approach to, and management of, all material issues, including ESG factors.

## Rationale for BlackRock vote

The agenda items for the 2020 AGM, and upon which BlackRock voted, were:

1. To receive and consider the adopted Annual Financial Statements of Siemens AG and the approved Consolidated Financial Statements, together with the Combined Management Report of Siemens AG and the Siemens Group as of September 30, 2019, as well as the Report of the Supervisory Board and the Corporate Governance Report for fiscal year 2019.
2. To resolve on the appropriation of the net income of Siemens AG.
3. To ratify the acts of the members of the Managing Board.
4. To ratify the acts of the members of the Supervisory Board.
5. To resolve on the appointment of independent auditors for the audit of the Annual Financial Statements and the Consolidated Financial Statements and for the review of the Half-year Financial Report and audit of the Closing Statements of Financial Position pursuant to the German Transformation Act (UmwG).
6. To resolve on the approval of the system of compensation for the members of the Managing Board.
7. To resolve on the authorization to repurchase and use Siemens shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG) and to exclude shareholders' subscription and tender rights.
8. To resolve on the authorization to use derivatives in connection with the repurchase of Siemens shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG), and to exclude shareholders' subscription and tender rights.
9. To resolve on granting a new authorization of the Managing Board to issue convertible bonds and /or warrant bonds and exclude shareholders' subscription rights, and on the creation of Conditional Capital 2020, cancellation of the Conditional Capital 2015 and the Conditional Capital 2010 and related amendments to the Articles of Association.
10. To resolve on the approval of a Control and Profit-and-Loss Transfer Agreement between Siemens AG and a subsidiary.

Based on our assessment of company leadership from our analysis and engagements, and specifically on an evaluation of management's delivery against the five BIS engagement priorities, our view is that this is a management team that has performed in shareholders' long-term interests. BIS therefore voted in favour of all management proposals at the 2020 AGM.