

Investment Stewardship

Vote Bulletin: Siemens AG

Company	Siemens AG (Deutsche Börse Xetra: SIE)
Market and Sector	Germany, Industrials
Meeting Date	9 February 2023
Key Resolutions ¹	Item 8: Approve Virtual-Only Shareholder Meetings Until 2025 Item 9: Amend Articles Re: Participation of Supervisory Board Members in the Annual General Meeting by Means of Audio and Video Transmission
Key Topics	Corporate governance, shareholder rights
Board Recommendation	The board recommended shareholders vote FOR Items 8 and 9
BlackRock Vote ²	BlackRock voted FOR Items 8 and 9

Overview

Siemens AG (Siemens) is a German-listed technology company, which operates in the areas of automation and digitalization in the process and manufacturing industries, infrastructure for buildings and energy systems, mobility solutions for rail transport, and medical technology and digital healthcare services.

BlackRock Investment Stewardship (BIS) engages with companies to better understand how company leadership identifies and manages the material risks and opportunities in their business model that we believe can impact their ability to deliver sustained financial performance for long-term investors like BlackRock's clients. BIS also engages to provide a long-term investor perspective on corporate governance best practices.

Our engagements with Siemens' leadership over the past several years have covered a range of topics, including corporate strategy, board composition, sustainability reporting, and climate risk management.

In July 2022, the German government passed a new law that permits virtual-only annual general meetings (AGMs) of shareholders.³ Specifically, the bill introduced a new paragraph into the German Stock Corporation

¹ Siemens AG, "Notice of Annual Shareholders' Meeting 2023", December 2022.

² BIS conducts proxy voting for those clients who authorize BIS to vote on their behalf. As part of BlackRock's [Voting Choice](#) program, eligible clients can also retain their voting rights or vote their shares in line with their preferences by selecting one of 14 third-party policies. 47% (\$1.8 trillion of \$3.8 trillion) of our index equity assets are eligible to participate in Voting Choice, and clients representing 25% of the \$1.8 trillion in eligible assets are enrolled in Voting Choice. Currency shown in USD. Source: BlackRock. Data from January 1, 2022 through September 30, 2022.

³ Federal Ministry of Justice, "[Law introducing virtual general meetings of stock corporations](#)", July 2022.

Act that enables companies, subject to shareholder approval, to amend their articles to give the board the ability to determine whether shareholder meetings be held with shareholders and/or their proxies attending virtually or alternatively in a physical setting. This authority, once granted, must be re-approved by shareholders at least every five years.

Rationale for BlackRock's vote

Item 8: Approve Virtual-Only Shareholder Meetings Until 2025 (FOR)

Item 9: Amend Articles Re: Participation of Supervisory Board Members in the Annual General Meeting by Means of Audio and Video Transmission (FOR)

BIS supported these management proposals because they were aligned with regulatory requirements and, in our assessment, the company was taking the necessary steps to ensure that shareholder rights were respected.

BIS [assesses voting issues](#) on a case-by-case basis, taking into account the circumstances of each company.

We are aware of the concerns expressed by some that virtual-only AGMs could potentially impede meaningful exchanges between management and shareholders. However, following our analysis of the proposals and engagement with the company, BIS believed that Siemens had proposed an appropriate approach that is not likely to undermine shareholder rights.

Specifically, the company has ensured that, in line with regulatory requirements, they would transmit the entire meeting by video and audio, would make the report of the Board of Directors available no later than one week prior to the meeting, and would exercise shareholders' voting rights by electronic communication as well as by proxy paper ballot. In addition, the company explained that shareholders would be able to make statements, ask questions, submit proposals and enter objections during the meeting. Whilst the regulation permits the authority to last up to five years, Siemens' board will seek a renewal to hold virtual-only shareholder meetings in two years. We considered this a pragmatic approach to enable investors to become accustomed to this new format.

The company identified several benefits to holding a virtual AGM, including cost and resource efficiency; the potential to enable greater access for participants; and the potential avoidance of corporate carbon emissions in connection with director and executive travel.

For these reasons, BIS believed it was in the best financial interests of our clients to support these management proposals.⁴

⁴ Following the AGM, Siemens [reported](#) that both Items 8 and 9 had been approved by shareholders, with approximately 83% and 96% support respectively.

About BlackRock Investment Stewardship (BIS)

Our clients depend on BlackRock to help them achieve their investment goals. These clients include public and private pension plans, governments, insurance companies, endowments, universities, charities and ultimately individual investors, among others. Consistent with BlackRock's fiduciary duty as an asset manager, BIS' purpose is to support companies which we invest for our clients in their efforts to create long term durable financial performance.

BIS serves as an important link between our clients and the companies they invest in – and the trust our clients place in us gives us a great responsibility to advocate on their behalf. That is why we are interested in hearing from companies about their strategies for navigating the challenges and capturing the opportunities they face. As we are long-term investors on behalf of our clients, the business and governance decisions that companies make will have a direct impact on our clients' investment outcomes and financial well-being.

We look to boards and executive management to demonstrate that they are taking into consideration the interests of long-term shareholders and other stakeholders as appropriate. Our, often multi-year, dialogue with the leaders of these companies provides us the opportunity to improve our understanding of, and provide feedback on, the governance and sustainability-related risks and opportunities that are material to their businesses and thus to their ability to generate long-term returns for our clients. For those clients who have given us authority, we vote proxies in their best long-term financial interests, in line with our public [voting guidelines](#) and informed by our analysis of company disclosures and, where relevant, our engagements.⁵

To support investors' assessment, it is helpful when companies provide timely, accurate, and comprehensive disclosure on all material governance and business matters, including sustainability-related issues. This transparency allows shareholders to better understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or we believe the approach taken may be inconsistent with durable, long-term value creation, we will engage with a company and/or vote in a manner that signals our concerns.

We are committed to transparency in the stewardship work we do on behalf of clients. We inform clients about our engagement and voting policies and activities through direct communication and through disclosure on our [website](#). For shareholder meetings where a vote might be of particular interest to clients, we may publish a vote bulletin after the meeting, disclosing and explaining how we voted on key proposals.

Want to know more? blackrock.com/stewardship

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⁵ As detailed in our [Global Principles](#), proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. As a consequence, BlackRock votes proxies on a "best-efforts" basis.