

A.1 Business principles

A.1.1 Business description

Organization

Siemens Healthineers is a global provider of healthcare solutions and services, with activities in numerous countries around the world. Siemens Healthineers Group (hereinafter “Siemens Healthineers,” the “company,” “we,” or the “Group”) comprises the parent company Siemens Healthineers AG, a stock corporation under the laws of the Federal Republic of Germany, and its subsidiaries. Siemens Healthineers AG is incorporated in the commercial register in Munich, Germany. The company’s business operations are conducted by the direct and indirect subsidiaries of Siemens Healthineers AG. As of September 30, 2022, the Siemens Group held just over 75% of the shares in Siemens Healthineers AG, unchanged from the prior year. Siemens Healthineers had about 69,500 employees as of September 30, 2022 (September 30, 2021: about 66,000).

Siemens Healthineers has a strong presence and market position in growth markets and is directly represented in more than 70 countries worldwide. Our main production sites are in the United States, China, and Germany. With holistic system competence, we develop, manufacture, and sell a diverse range of innovative diagnostic and therapeutic products and services to healthcare providers in more than 180 countries. We also provide clinical consulting services as well as an extensive range of training and service offerings. This comprehensive portfolio supports customers along the entire care continuum, from prevention and early detection through to diagnosis, treatment, and follow-up care.

Delivering high-quality, affordable healthcare requires scalable solutions that meet the needs of a broad spectrum of healthcare providers and related organizations. Siemens Healthineers is strongly positioned relative to this spectrum, which ranges from public and private healthcare providers, including hospitals and hospital systems, public and private clinics and laboratories, universities, physicians/joint medical practices, public health agencies, public and private health insurers, through to pharmaceutical companies and clinical research institutes. We offer different solutions tailored to the customers’ needs in all these markets.

Our business operations are divided into four segments: Imaging, Diagnostics, Varian, and Advanced Therapies. In all these segments, we are a leading global provider.

Our Imaging segment provides imaging products, services, and solutions as well as digital offerings. Our most important products in this segment are devices for magnetic resonance imaging, computed tomography, X-ray, molecular imaging, and ultrasound. All our imaging and therapy systems are supported by shared software platforms. We offer a broad and scalable range of software solutions to support the reading and structured reporting of diagnostic images from different modalities. We generate a significant amount of recurring revenues from our customer services business (services and spare parts) due to a strong installed base and long-term service relationships. These provide a stable business base. The Cancer Therapy business (imaging for radiation therapy) will be part of the Varian segment as of October 1, 2022.

The portfolio of our Diagnostics segment comprises in-vitro diagnostic products and services that we offer to healthcare providers in the fields of laboratory diagnostics and point-of-care diagnostics. With a broad selection of diagnostic test settings – from centralized reference and hospital laboratories to clinical and physician office laboratories – our comprehensive portfolio covers a range of testing disciplines, including immunochemistry, hematology, coagulation, urinalysis, blood gas analysis, and molecular tests. Siemens Healthineers provides laboratories and points of care with a range of antigen, PCR, and antibody tests designed to specifically identify the SARS-CoV-2 respiratory pathogen. Diagnostics’ product range also includes efficient workflow solutions for laboratories and informatics products that are integrated with our offerings to improve provider productivity. Diagnostics generates profits mainly from long-term contracts that include an initial instrument placement followed by ongoing reagent sales, which results in a predictable and resilient revenue stream.

The Varian segment provides innovative, multi-modality cancer care technologies along with solutions and services to oncology departments in hospitals and clinics globally. Its portfolio is designed to enable clinicians to perform new, innovative radiotherapy and other oncology treatments. Varian’s Radiation Oncology business serves the end-to-end needs of customers with integrated equipment and digital solutions, and applications that are designed to enable increased access to quality care as well as improved treatment planning and delivery. High-quality imaging and digital solutions and applications enable higher-precision image-guided cancer treatments. The Proton Solutions business utilizes conventional radiotherapy expertise to develop integrated solutions for proton therapy. Effective with the beginning of fiscal year 2023, this business was assigned to Central

Items, under the management responsibility of Varian, given that, in the future, the business will not be actively marketing or pursuing new sales of proton systems but concentrate on maintenance of equipment already ordered or already installed, thereby enhancing system reliability and stability, and providing a high level of service for existing customers and their proton centers. The Multi-Disciplinary Oncology business comprises technology-enabled optimized workflows, clinical services, and consulting capabilities as well as innovative digital solutions and applications for managing treatment and therapy. With a large installed base in its Radiation Oncology business, Varian generates recurring revenue from services and spare parts. On October 1, 2022, the Cancer Therapy business will be transferred from the Imaging segment to the Varian segment and will be part of the Varian segment effective with the beginning of fiscal year 2023.

Our Advanced Therapies segment's portfolio consists of highly integrated products, services and solutions across multiple clinical fields used in the treatment of diseases. Our Advanced Therapies products are designed to support image-guided minimally invasive treatments, in areas such as cardiology, interventional radiology, and surgery. The most important products in this segment are angiography systems and mobile C-arms as well as a robotic-assisted platform for endovascular coronary and peripheral vascular interventions. Advanced Therapies generates recurring revenues through its strong installed base and customer services business (service and spare parts).

Within these four segments we provide comprehensive services all along the customer value chain, among them planning and design, maintenance, operational management, financing, training and education services – for example, within partnerships with hospital operators, so called value partnerships. Our service offerings include equipment performance management, clinical education and e-learning, asset management, managed departmental services for laboratories and healthcare facilities, consulting and digital health products and services. With our value partnerships, we actively address the trend of consolidation among healthcare providers → **A.1.2 Business environment** and cover customer needs through a broad and deep portfolio. As the partnerships with customers last for several years, we generate recurring revenues on a regular basis.

Siemens Healthineers Strategy 2025

Against the backdrop of the healthcare trends described in → **A.1.2 Business environment**, Siemens Healthineers has defined strategic priorities to ensure its competitiveness beyond 2025. Within our Siemens Healthineers Strategy 2025, we have successfully completed the first two phases known as Reinforcing and Upgrading. The transformational business combination of Siemens Healthineers and Varian, for instance, enabled us to expand into adjacent markets. At the same time, we have expanded our core business and strengthened our role as a holistic partner for our customers. At the start of fiscal year 2022, we embarked on the third phase of our strategy. During this New Ambition phase, Siemens Healthineers' aspiration is to achieve annual comparable revenue growth of 6–8% and annual growth in adjusted basic earnings per share of 12–15% for fiscal years 2024 and 2025 excluding COVID-19 rapid antigen test contribution. The outlook for fiscal year 2023 is shown in the chapter → **A.5.2 Expected business development**.

The goal of the New Ambition phase is to fight the most dangerous diseases worldwide, enable efficient workflows, and enter new growth markets while remaining successful in our core markets. The New Ambition phase focuses on five growth priorities or vectors (see below), and our segments and regions are now executing on the plans and programs they developed for pursuing these priorities.

In the Comprehensive Cancer Care vector, we want to expand our leading position in oncology by addressing further customer segments along the entire disease pathway. To this end, we intend to enhance and strongly integrate our radiotherapy and imaging products, build a strong portfolio in interventional oncology, expand our multidisciplinary software solutions and technology-enabled services, and expand our cancer decision support for better therapy guidance.

In the Cardiovascular and Neurovascular Care vector, we want to leverage our strengths in imaging and endovascular robotic systems to further enhance our relevance in the field of cardiovascular and neurovascular treatments.

The Networked Care & Digitally Enabled Services vector addresses the biggest challenges our customers are currently facing, such as staff shortages, rising labor costs, increasing demand, and rapid technological and scientific progress. Our ambition is to put healthcare providers in a position to provide more patients with better care by improving and automating manual workflows that have previously drained significant resources and given rise to inefficiencies. In the area of "networked care," we want to become the partner of choice for decentralized healthcare.

The China Healthcare growth vector concentrates on what is expected to be the biggest global market in medical technology by the year 2030. As part of its 14th Five-Year Plan, China intends to adapt not only aspects of its economy and society to new developments, but also its own healthcare and medical technology sector. Our ambition is to strengthen our role as a trusted partner of the Chinese healthcare system and its patients.

In the Access to Care vector, we will be focusing on the approximately three billion people worldwide who still do not have access to adequate healthcare today. The main obstacles here are a lack of infrastructure, financial affordability of treatment, and a lack of health awareness. As non-communicable diseases become more prevalent in the coming years, affordable health care will need to cover a broader base than before.

A.6 Report on material risks and opportunities

A.6.1 Risk management

Basic principles of risk management

For us, diligent handling of risks and opportunities is part of responsible corporate governance and supports our pursuit of sustainable growth and thereby increased company value. Hence it is essential to manage risks and opportunities appropriately. Our risk management is therefore an integral part of the planning and implementation of our business strategies. The risk management policy is set by the Managing Board. In accordance with our organizational and accountability structure, the respective management of a business, region or function is obliged to implement a comprehensive risk management system. This is tailored to their specific area and its responsibilities, while at the same time being consistent with the overall policy.

Company-wide risk management process and organization (Enterprise Risk Management Process)

We make use of a coordinated set of risk management and control systems. These support us in the early recognition of developments that could jeopardize the continuity of our business. The most important of these systems include our company-wide procedures for strategic planning and management reporting. Strategic planning is intended to support us in assessing potential risks well in advance of major business decisions. Management reporting is intended to enable us to monitor such risks more closely as our business progresses. Our internal auditors regularly review the adequacy and effectiveness of our risk management. Accordingly, if deficits are detected, it is possible to adopt appropriate measures to eliminate them. This coordination of processes and procedures is intended to help ensure that the Managing Board and the Supervisory Board are fully informed about significant risks in a timely manner.

Risk management at Siemens Healthineers builds on a comprehensive, interactive and management-oriented Enterprise Risk Management (ERM) approach. This approach is integrated into the organization and addresses both risks and opportunities. It is based on the globally accepted COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework "Enterprise Risk Management – Integrating with Strategy and Performance" (2017) as well as the ISO (International Organization for Standardization) Standard 31000 (2018), and is adapted to Siemens Healthineers' requirements. The frameworks connect the ERM process with our financial reporting process, our internal control system and compliance management system. They consider the company's strategy, the efficiency and effectiveness of its business operations, the reliability of its financial reporting and compliance with relevant laws and regulations to be equally important.

Our ERM process aims for early identification and evaluation of, and response to, risks and opportunities that could materially affect the achievement of our strategic, operational, financial and compliance objectives. The time horizon within the ERM approach is typically three years, and we take a net approach, addressing risks and opportunities remaining after the execution of existing and effective control measures. If risks or opportunities have already been considered in plans, budgets, forecasts or the financial statements (for example as a provision or risk contingency), they have been incorporated, with their financial impact, in the entity's business objectives. As a consequence, only additional risks or opportunities arising from the same subject (for example deviations from business objectives, different impact perspectives) should be considered for the ERM. In order to provide a comprehensive view of our business activities, risks and opportunities including social and environmental factors are identified in a structured procedure. This combines elements of both top-down and bottom-up approaches. While reporting generally follows a quarterly cycle, this regular reporting process is complemented by an ad hoc reporting process that aims to escalate critical issues in a timely manner. Relevant risks and opportunities are prioritized in terms of impact and likelihood, considering different perspectives, including business objectives, reputation and regulatory matters. The bottom-up identification and prioritization process is supplemented by workshops with the respective management of the Siemens Healthineers businesses and regions. This top-down element ensures that potential new risks and opportunities are discussed at the management level and are included in the subsequent reporting process, if found to be relevant. Reported risks and opportunities are analyzed for their potential cumulative effects and are aggregated within and for each of the organizational levels mentioned above.

Responsibilities are assigned for all relevant risks and opportunities. The hierarchical assignment of responsibility depends on the significance of the risk or opportunity. In a first step, assuming responsibility involves choosing one of our general response strategies. The general response strategies with respect to risks are to avoid, transfer, reduce, retain or watch the relevant risk.

A.6.2.4 Compliance risks

Regulatory Environment

As a globally operating and diversified medical technology company, we are exposed to various increasingly complex product and country-specific regulations, laws and policies that influence our business activities and processes. A failure to comply with existing regulations or changed and new regulatory requirements could result in governmental fines and other sanctions, the temporary or permanent shutdown of production facilities, third-party claims, import restrictions and negative publicity. This could affect our ability to deliver, our time to market for certain products or product life cycles and thus lead to unforeseen costs and have a negative impact on our financial position. Further, our business may be affected by new laws and regulations, in particular by those that may govern innovative products and business activities, including services and solutions, such as the use of artificial intelligence. For these new subject areas the regulatory requirements are often not yet defined, or they may undergo future changes whose effects cannot yet be estimated. Regulatory authorities including the Food and Drug Administration (FDA) and the Nuclear Regulatory Commission (NRC) in the United States, the National Medical Product Administration (NMPA) in China and regulations including the Medical Device Regulation (MDR) and In-Vitro Diagnostics Regulation (IVDR) in Europe are especially relevant for the commercialization of our products and services. However, there are numerous other regulatory schemes in practically all jurisdictions worldwide to which we are subject. Risks could also arise from effects of regulations in the area of Environment, Health, and Safety (EHS) including the Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and other sustainability regulations. We need to comply with and safeguard requirements that will ensure product safety and regulatory market access. To counter the risks mentioned above, we monitor the political and regulatory landscape in all our key markets to anticipate potential problem areas with the objective of quickly adjusting our business activities and processes to changed conditions. Furthermore, we issue internal regulations and guidance, conduct continuous training and communication as well as synchronized implementation actions. In addition, internal and external audits of compliance with laws and regulations are performed.

Compliance with Laws

In connection with our global business activities, we must ensure compliance with antitrust and competition law, anti-corruption legislation, data protection regulations and other laws. We have established compliance and risk management systems to ensure compliance with requirements. Nevertheless, there is no guarantee that these systems will enable us to avoid all risks in every jurisdiction. There are risks, for example, regarding data privacy violations in the processing of personal data of our employees, customers, customers' patients, or other business partners. Moreover, in our business environment, there are risks regarding antitrust or corruption law violations and other violations of law. Consequences of violations of the law could under certain circumstances affect us also if they relate to violations by our indirect sales channels or business partners. In addition, a significant portion of our business involves governments and companies with public shareholders. We are also involved in various projects funded by government agencies and intergovernmental and supranational organizations. This may pose risks from a compliance perspective. Furthermore, we may face compliance risks in connection with recently acquired companies that are still in the integration process. There could also be risks related to violations of other laws and legislation such as export control and embargo regulations and intellectual property rights. All of these risks could result in violations of law with severe consequences and can have a negative impact on our business, net assets, financial position, and results of operations. They could also result in claims for damages, fines or penalties, the exclusion of direct or indirect participation in certain types of transactions and public tenders, and reputational damage. Consequently, we are constantly countering these risks with targeted measures. The foundation for our governance framework is provided by our globally applicable directives. In addition to measures such as general compliance training, our Antitrust Compliance Program, requirements of our Business Conduct Guidelines and Data Protection Program, we have established a global compliance organization. This organization conducts, among other things, audits to identify compliance risks at an early stage. Moreover, by providing whistleblower hotlines and establishing internal and external points of contact, we enable the timely reporting of potential deficiencies or violations to us, authorities or other stakeholders as appropriate. With regard to our business partners, we have established a global business partner management system. This includes, among other measures, a careful selection process, a structured onboarding process as well as training, monitoring and a close exchange during our visits to the customer's site as well as regular audits with consistent implementation and monitoring of measures taken. To meet the legal and internal requirements for data protection, we have implemented an information security and data protection management system whose mechanisms meet the high requirements of the ISO 27001 extended by 27701 standards, under which we are certified.

Assessment of the overall risk situation

The order in which the risks are presented in each of the four categories above – strategic, operational, financial and compliance risks – reflects the current assessment of the relative risk exposure. The most significant risks we are currently exposed to are → *Economic, Political and Geopolitical Developments*, → *Cybersecurity* and → *Supply Chain Management*. Compared to the prior year and as already described in the half-year financial report → *Economic, Political and Geopolitical Developments* constitutes the most significant risk. In addition, the exposure of → *Supply Chain Management* increased continuously following developments over the last quarters, making it one of the most significant risks. We consider all other risks mentioned above not as high as the three most significant risks. At present, no risks have been identified that either individually or in combination could endanger our ability to continue as a going concern.

A.6.4 Significant characteristics of the internal control and risk management system

A.6.4.1 Internal Control and Risk Management System

Our Internal Control System (ICS) and Enterprise Risk Management (ERM) are based on the principles, guidelines and measures introduced by the Managing Board, which are aimed at the organizational implementation of the Managing Board's decisions. Our ICS and ERM include the management of risks and opportunities relating to the achievement of business goals, the correctness and reliability of internal and external accounting, and compliance with the laws and regulations relevant to Siemens Healthineers. Sustainability aspects are covered as well and are continuously developed based on the regulatory requirements.

Our ICS and ERM are based on the globally accepted COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). Our ERM approach is based on the COSO Standard "Enterprise Risk Management - Integrating with Strategy and Performance" (2017) and the ISO (International Organization for Standardization) Standard 31000 (2018) and is adapted to Siemens Healthineers requirements. Our ICS is based on the internationally recognized "Internal Control – Integrated Framework" (2013) also developed by COSO. The framework defines the elements of a control system and sets the standard for assessing the adequacy and effectiveness of the ICS. The frameworks connect the ERM process with our financial reporting process and our ICS, both systems are complementary.

All Siemens Healthineers entities are part of our ICS and ERM. The scope of activities to be performed by each entity is different, depending, among others, on the entity's impact on the Consolidated Financial Statements and the specific risks associated with the entity. The management of each entity is obliged to implement an adequate and effective ICS and ERM within their area of responsibility, based on the group-wide mandatory methodology.

Overall responsibility for our ICS and ERM lies with the Managing Board. The Siemens Healthineers Risk and Internal Control (RIC) organization bundles and integrates the internal control and ERM processes and supports the Managing Board in designing and maintaining adequate and effective processes for implementing, monitoring and reporting on internal control and ERM activities. It consists of the central RIC departments and those responsible in the businesses, regions and functions. The central RIC departments are responsible for monitoring and coordinating the entire processes in order to ensure an adequate and effective ICS and ERM within the Group.

We also have an overarching, integrated ICS and ERM methodology (RIC methodology) with a standardized procedure under which necessary controls are defined, documented in accordance with uniform standards, and tested regularly for their adequacy and effectiveness. For more information on ERM, see chapter → A.6.1 Risk management.

Our ICS and ERM and their contributing elements are regularly subject to audit activities by our internal audit function. These are carried out either as part of the risk-based annual audit plan or as part of audits scheduled during the year upon request.

At the end of each fiscal year, our Managing Board performs an evaluation of the adequacy and effectiveness of the ICS and ERM. This evaluation is based primarily on the Siemens Healthineers "In Control" Statement and quarterly Managing Board meetings. The purpose of the "In Control" Statement is to provide an overview of the key elements of the ICS and ERM of Siemens Healthineers AG and its affiliated companies at the end of the fiscal year, to summarize the activities undertaken to review its adequacy and effectiveness and report any critical control weaknesses identified as part of these activities. The information contained in this statement is provided to the Audit Committee of the Supervisory Board of Siemens Healthineers AG to report on the effectiveness of the ICS and ERM. The Siemens Healthineers "In Control" Statement is supported by certifications at various corporate levels and by all affiliated companies. In the quarterly Managing Board meetings, the company-wide risk and opportunity situation is evaluated, the results of the internal control process are explained and once a year an overall conclusion is made about the adequacy and effectiveness of our ICS and ERM. Based on this, the Managing Board has no indication that our ICS or ERM in their respective wholes have not been adequate or effective as of September 30, 2022.

Nevertheless, there are inherent limitations on the effectiveness of any risk management and control system. For example, and no system, – even if deemed to be adequate and effective – can guarantee that all risks that will actually occur will be identified in advance or that any process violations will be ruled out under all circumstances.

The Audit Committee is also integrated into our control system. In particular, it oversees the accounting and accounting process and the effectiveness of the ICM and ERM and the internal audit system. Furthermore, we have set up a disclosure committee which is responsible for reviewing certain financial and nonfinancial information prior to publication.

The integration of Varian into our ICS, which began in fiscal year 2021 after the acquisition, continued in fiscal year 2022 and was completed to a large extent with regard to the most significant Varian entities. The integration measures will be continued in fiscal year 2023.

A.6.4.2 Compliance Management System

The ICS and ERM are supplemented by a Compliance Management System (CMS) geared to the company's risk situation. Our CMS is based on the three pillars: prevent, detect and respond and includes the legal risk areas of corruption, antitrust law, data protection, money laundering, export controls and respect for human rights. It is based on an extensive internal set of rules: The Siemens Healthineers Business Conduct Guidelines ("BCG") define the basic principles and standards of behavior that must be observed by all employees in the company units and in relation to customers, external partners and the public. In addition, there are extensive internal compliance regulations, including associated controls, which oblige all Siemens Healthineers employees to ensure the implementation of the CMS. They contain topic-specific implementation regulations for the individual risk areas with regard to compliance processes and tools as well as additional guidelines and information. The compliance operating model contains binding specifications for the employees of the compliance organization and describes responsibilities and how the CMS works.

Compliance risk management and compliance reviews as part of the CMS aim to identify compliance risks at an early stage and to take appropriate and effective measures to avoid or minimize risks. The risk assessment is also integrated into individual business processes and tools in order to initiate appropriate risk minimization measures. The results of compliance risk management that are relevant to the Group are taken into account as part of the company-wide ERM.

The Compliance Control Program aims to ensure compliance and implementation of the CMS and processes used worldwide. It is part of the ICS and is continuously being further developed and adapted to the current Siemens Healthineers guidelines. In addition, current compliance issues are discussed at management level on a regular basis.

The entire CMS is continually adapted to business-specific risks and various local legal requirements. The findings from compliance risk management and compliance controls and audits are used to derive measures for further development of the CMS.

A.6.4.3 Significant characteristics of the accounting-related ICS and ERM

The overarching objective of our accounting-related ICS and ERM as part of the overarching ICS and ERM is to ensure that financial reporting is conducted in a proper manner, such that the Consolidated Financial Statements and the Combined Management Report of Siemens Healthineers as well as the Annual Financial Statements of Siemens Healthineers AG as a parent company are prepared in accordance with all relevant regulations.

Our ICS and ERM are based on the globally recognized COSO framework (Committee of Sponsoring Organizations of the Treadway Commission), for further information see → A.6.4.1 *Internal Control and Risk Management System*.

At the end of each fiscal year, our management performs an evaluation of the effectiveness of the accounting-related ICS. Siemens Healthineers has a standardized procedure under which necessary controls are defined, documented in accordance with uniform standards, and tested regularly for their effectiveness. Nevertheless, there are inherent limitations on the effectiveness of any control system, and no control system, including one determined to be effective, may prevent or detect all misstatements.

Our Consolidated Financial Statements according to IFRS are prepared on the basis of a centrally provided conceptual framework which primarily consists of uniform financial reporting guidelines and a chart of accounts. They are issued centrally by the Siemens Group and complemented by additional Siemens Healthineers guidelines for business-specific financial reporting topics. Siemens Healthineers AG and other entities within Siemens Healthineers are required to prepare financial statements in accordance with the German Commercial Code; the conceptual framework is complemented by mandatory regulations specific to the German Commercial Code. The need for adjustments in the conceptual framework due to regulatory changes is analyzed on an ongoing basis. Accounting departments are informed regularly about current topics and deadlines from an accounting and closing process perspective.

The base data used in preparing our financial statements consist of the closing data reported by Siemens Healthineers AG and its subsidiaries. Governance and monitoring activities relating to accounting activities are usually bundled on a regional level. In particular cases, such as valuations relating to post-employment benefits, we engage external service providers. The reported closing data are used to prepare the financial statements in the consolidation system. The steps necessary to prepare the financial statements are subject to both manual and automated controls.

Qualification of employees involved in the accounting process is ensured through appropriate selection processes and regular training. As a fundamental principle, based on materiality considerations, the “four eyes” principle applies and specific procedures must be adhered to for data authorization. Additional control mechanisms include target-performance comparisons and analyses of the composition of and changes in individual line items, both in the closing data submitted by reporting units and in the Consolidated Financial Statements. In line with our information security requirements, accounting-related IT systems contain defined access rules protecting them from unauthorized access. An internal certification process is executed on a quarterly basis. Management at different levels of our organization, supported by confirmations by managements of entities under their responsibility, confirms the accuracy of the financial data that have been reported to Siemens Healthineers’ headquarters and reports on the effectiveness of the related control systems.

The integration of Varian into our accounting-related ICS, which began in fiscal year 2021 after the acquisition, continued in fiscal year 2022 and was largely completed with regard to the most significant Varian entities. The integration measures will be continued in fiscal year 2023.

Our internal audit function systematically reviews our financial reporting integrity as well as our accounting-related ICS and ERM. The Audit Committee is integrated into our accounting-related ICS. In particular, it oversees the accounting and the accounting process as well as the adequacy and effectiveness of the associated ICS, the ERM and the internal audit system. Furthermore, we have set up a disclosure committee which is responsible for reviewing certain financial and non-financial information prior to publication.

Topics at the plenary meetings of the Supervisory Board

In fiscal year 2022, the Supervisory Board held seven regular meetings and adopted two resolutions by written circulation. Topics of discussion at our regular plenary meetings were the net assets, financial position, and results of operations of Siemens Healthineers, including the effects of the COVID-19 pandemic, and the company's workforce trend.

At the meeting on November 3, 2021, we discussed the key financial data for the fourth fiscal quarter and for fiscal year 2021, and examined the amended budget for 2022. On the basis of the target achievement for the 2018 tranche of the long-term variable compensation system, we determined the number of shares to be transferred to the Managing Board members and set the targets for the new 2022 tranche. In addition, we discussed the details of the proposed appointment of Ms. Elisabeth Staudinger-Leibrecht to the Managing Board and subsequently passed the resolution regarding her appointment.

The meeting on November 16, 2021 focused on Siemens Healthineers' strategy and on the upcoming Capital Markets Day 2021. We also discussed the appropriateness of the Managing Board compensation and, on the basis of the target achievement calculated and determined, established the amounts of short-term variable compensation to be disbursed to the Managing Board members for fiscal year 2021. Furthermore, we set the targets for the Managing Board's variable compensation for fiscal year 2022.

On November 24, 2021, we dealt with the financial statements and combined management report for Siemens Healthineers AG and the Group as of September 30, 2021; the report on relationships with affiliated companies as of September 30, 2021, pursuant to Section 312 of the German Stock Corporation Act; the 2021 Annual Report, including the report of the Supervisory Board and the corporate governance report; the compensation report and the agenda for the Annual Shareholders' Meeting on February 15, 2022.

At the meeting on February 2, 2022, the Managing Board reported on the net assets, financial position, and results of operations as of the end of the first fiscal quarter, still including effects of the COVID-19 pandemic. In addition, we discussed talent development within the company and the topic of sustainability.

At the meeting on May 3, 2022, the Managing Board reported to us on the net assets, financial position, and results of operations as of the end of the second fiscal quarter, including current developments as regards the COVID-19 pandemic and the effects of the war in Ukraine.

At our meeting on August 2, 2022, in addition to dealing with the Managing Board's report on the net assets, financial position, and results of operations as of the end of the third fiscal quarter, including the effects of the COVID-19 pandemic, we also reviewed the results of our questionnaire-based self-assessment, including the supplementary interview of the Managing Board conducted by an external consultancy. Furthermore, in preparation for the Declaration of Conformity to be issued in September, we examined the German Corporate Governance Code (GCGC) and the effects of its amendments on the company. In this context, we also covered the topic of sustainability and, based on the Chairperson's Committee's preliminary considerations, considered an amendment to the name of the Innovation and Finance Committee for fiscal 2023, reflecting this additional focus on sustainability. We furthermore discussed the preparations for the Supervisory Board elections to be held at the Annual Shareholders' Meeting 2023.

The meeting on September 30, 2022, centered on the 2023 budget and the strategic focus of the businesses. We discussed various aspects of corporate governance and resolved, in particular, to amend the Supervisory Board's bylaws and to approve the latest Declaration of Conformity with the GCGC prepared in accordance with Section 161 Stock Corporation Act. The aim of the amendments, which entered into force the same day, was in particular to place a stronger focus on sustainability; it now being prescribed, inter alia, that the Innovation and Finance Committee is to regularly deal with sustainability related topics (Environmental, Social and Governance – ESG). In addition, the Supervisory Board discussed the results of the tender to audit the annual and consolidated financial statements and to review the half-year financial report for fiscal year 2024. The Supervisory Board declared its intention to submit a nomination proposal to the Annual Shareholders' Meeting 2024 based on the Audit Committee's recommendation.

The members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties. They keep informed about the latest requirements with regard to their supervisory duties and are supported by the company appropriately. In this context, the company offered the Supervisory Board members three informational events in the past fiscal year – on two of the four business areas and on cybersecurity. The aim of these events, to be continued in the coming fiscal year, is to provide the members of the Supervisory Board with a better understanding of the business, including its strategy and structures.

Work in the Supervisory Board committees

In order to perform our duties efficiently, we have established a total of four committees, which prepare proposals for resolutions and issues to be dealt with at the Supervisory Board's plenary meetings. Some of the Supervisory Board's decision-making powers have also been delegated to these committees to the extent permitted by law. The committee chairs report on their committees' work to the Supervisory Board at the subsequent Supervisory Board meeting. Details of the members and the tasks of the individual Supervisory Board committees are provided in ➔ **C.4.1.2 Composition and working methods of the Supervisory Board** of the Annual Report 2022.

The **Chairperson's Committee** met eleven times in the reporting period (four of these meetings were extraordinary). It also adopted one resolution by written circulation. Between meetings, the chair of the Supervisory Board discussed topics of major importance with the members of the Chairperson's Committee. The Chairperson's Committee concerned itself, in particular, with corporate governance topics, including the importance of sustainability to the Supervisory Board and the recommendations to the Supervisory Board on the corresponding amendments to the Bylaws. The latter also included the Innovation and Finance Committee regularly dealing with sustainability-related topics (ESG) and an amendment to its name as a consequence of its extended responsibilities. The Chairperson's Committee further discussed the reallocation of responsibilities among the Managing Board members, and personnel topics, such as the appointment of a new Managing Board member. It also dealt with Managing Board compensation and the corresponding compensation system, including the importance of sustainability in this context, and the compensation system for the Supervisory Board. The Chairperson's Committee also prepared the election of the Supervisory Board at the Annual Shareholders' Meeting 2023. In the process, the Chairperson's Committee either passed certain appropriate resolutions itself or prepared resolutions requiring adoption by the Supervisory Board.

The **Innovation and Finance Committee** met four times during the reporting period. Its discussions centered on the innovation and digitalization strategy on the basis of reports submitted by the businesses and regions. A particular focus was on the progress made in integrating Varian and the implementation status of the goals set by the New Ambition Strategy for 2025.

The **Audit Committee** met six times during the reporting period (with one meeting being extraordinary). Together with the Managing Board and the independent auditors, the committee discussed the annual financial statements, consolidated financial statements and combined management report for Siemens Healthineers AG and the Group for fiscal year 2021, and the half-year financial report and quarterly statements for fiscal year 2022. In the presence of the independent auditors, the Audit Committee also discussed the audit reports on the annual financial statements, the consolidated financial statements, and the combined management report, and the report on the auditors' review of the Group's half-year consolidated financial statements and of the interim Group management report. The committee engaged the independent auditors to audit the annual and consolidated financial statements for fiscal year 2022, and to review the interim financial statements and financial information; it defined the focal points for the audits and determined the auditors' fee. The committee monitored the selection, independence, qualification, rotation, and efficiency of the independent auditors. In this context, it also evaluated the quality of the audit of the financial statements. In addition, the committee was responsible for the tender process for the change of auditor and made a recommendation to the Supervisory Board for the election proposal to be submitted to the Annual Shareholders' Meeting 2024 to change the company's auditors for fiscal year 2024.

The Audit Committee also dealt with the company's accounting and accounting process, the suitability and effectiveness of the risk management and internal control systems, the effectiveness, resources, findings, and audit plan for the internal audit, and also the reports concerning compliance, regulatory compliance, and potential and pending legal disputes.

The **Related-Party Transactions Committee** did not meet during the reporting period.

Personalized disclosure of the individual Supervisory Board members' attendance rates

In view of the special circumstances of the COVID-19 pandemic, only virtual meetings were held in the first half of the year. In the second half of the year, the meetings of the Supervisory Board and its committees were held in person, with virtual attendance being made possible in individual cases. Overall, the Supervisory Board, the Chairperson's Committee, and the Audit Committee each met three times in person. Two meetings of the Innovation and Finance Committee were held in person.

For the fiscal year as a whole, the participation rate of members in meetings of the Supervisory Board and its committees was 98%. The attendance record of the individual members of the Supervisory Board and its committees is disclosed below.

	Supervisory Board (plenary meetings)		Chairperson's Committee		Audit Committee		Innovation and Finance Committee		Related-Party Transactions Committee	
	No.	in %	No.	in %	No.	in %	No.	in %	No.	in %
(Number of meetings/participation in %)										
Prof. Dr. Ralf P. Thomas Chairman	7/7	100	11/11	100	6/6	100	4/4	100		
Dr. Norbert Gaus Deputy Chairman	7/7	100	11/11	100			4/4	100		
Dr. Roland Busch	5/7	71					3/4	75		
Dr. Marion Helmes	7/7	100			6/6	100				
Dr. Andreas C. Hoffmann	7/7	100	11/11	100	6/6	100				
Dr. Philipp Rösler	7/7	100								
Peer M. Schatz	7/7	100					4/4	100		
Dr. Nathalie von Siemens	6/7	86								
Dr. Gregory Sorensen	7/7	100					4/4	100		
Karl-Heinz Streibich	7/7	100					4/4	100		
		96		100		100		96		

Corporate Governance

We regularly monitor the application and ongoing development of our system of corporate governance. Detailed information on corporate governance at the company, including the composition of the Supervisory Board, can be found in ➔ **C.4 Corporate governance statement** of the Annual Report 2022.

The Declaration of Conformity with the GCGC adopted on September 30, 2022, was made permanently available to shareholders on the company's website. It is also reproduced in ➔ **C.4.4 Declaration of conformity with the German Corporate Governance Code** of the Annual Report 2022.

Audit of the annual and consolidated financial statements discussed in detail

The independent auditors, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (Stuttgart, Germany), audited the annual financial statements of Siemens Healthineers AG, the consolidated financial statements of Siemens Healthineers, and the combined management report for Siemens Healthineers AG and the Group for fiscal year 2022, and issued an unqualified opinion. The annual financial statements of Siemens Healthineers AG and the combined management report for Siemens Healthineers AG and the Group were prepared in accordance with the requirements of German law. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the additional requirements of German law set out in Section 315 e (1) German Commercial Code. The consolidated financial statements also comply with IFRS as issued by the International Accounting Standards Board (IASB). The auditors conducted their audit in accordance with Section 317 German Commercial Code, the EU Audit Regulation, and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW), as well as in supplementary compliance with the International Standards on Auditing (ISA). The aforementioned documents, as well as the Managing Board's proposal for the appropriation of net income, were submitted to us in advance by the Managing Board. The Audit Committee discussed the dividend proposal in detail at its meeting on November 7, 2022. It discussed the annual financial statements, the consolidated financial statements, and the combined management report in detail at its meeting on November 25, 2022. In this context, the Audit Committee concerned itself, in particular, with key audit matters as described in the independent auditors' report, including the audit procedures implemented.

The auditors' reports were presented to all members of the Supervisory Board and were reviewed comprehensively in the presence of the independent auditors at the Supervisory Board meeting on November 25, 2022. The independent auditors reported on the scope, focal points, and main findings of their audit, addressing, in particular, key audit matters and the audit procedures implemented. No major weaknesses in the risk management or internal control systems were reported. At the same meeting, the Managing Board explained the financial statements of Siemens Healthineers AG and the Group as well as the risk management system. Another topic addressed at this meeting was the evaluation of the quality of the audit of the financial statements. The Audit Committee performed an evaluation based on previously determined audit quality indicators. On the basis of this evaluation, the Supervisory Board approved the proposal to be submitted to the Annual Shareholders' Meeting regarding the election of the independent auditors, taking into account the Audit Committee's recommendation.

The Supervisory Board concurs with the results of the audit. Based on the definitive results of the Audit Committee's preliminary examination and our own examination, we have no objections to raise. The Managing Board prepared the annual financial statements and the consolidated financial statements. We approved the annual financial statements and the consolidated financial statements. In view of our approval, the annual financial statements of Siemens Healthineers AG are adopted as submitted. The Managing Board has proposed that the net income available for distribution be used to pay out a dividend of €0.95 per share entitled to a dividend and that the amount of net income attributable to shares of stock not entitled to receive a dividend for the past fiscal year be carried forward. We have endorsed this proposal.

The compensation report was audited separately by the auditors. Besides the statutorily required formal examination pursuant to Section 162 (1) and (2) German Stock Corporation Act, the content of the compensation report was also audited. The auditors were commissioned to perform these tasks in the run-up to the meeting on September 30, 2022.

Details of the compensation report can be found at ➔ www.siemens-healthineers.com/investor-relations/corporate-governance.

C.4 Corporate governance statement

Publicly listed stock corporations are required to prepare and publish an annual statement on corporate governance, with the parent companies having to do so on behalf of their group companies. This statement combines the corporate governance statement of Siemens Healthineers AG in accordance with Section 289f German Commercial Code ("Handelsgesetzbuch") and the Group corporate governance statement in accordance with Section 315d German Commercial Code. The corporate governance statement is an integral part of the combined management report. Pursuant to Section 317 para. 2 sentence 6 German Commercial Code, the independent auditors' review of the disclosures made within the scope of Sections 289f and 315d German Commercial Code is limited to ascertaining whether the disclosures were made.

According to Principle 23 German Corporate Governance Code ("Deutscher Corporate Governance Kodex," hereinafter "GCGC"), this combined corporate governance statement for Siemens Healthineers AG and the Group is a key instrument of corporate governance reporting.

C.4.1 Two-tier board

Siemens Healthineers AG is subject to the regulations of German stock corporation law. It therefore has a two-tier board structure, with a Managing Board and Supervisory Board that are separate in terms of both functions and personnel. Both governing bodies cooperate closely in the interests of the company.

In addition to the applicable statutory provisions, the GCGC provides the de jure and de facto framework for managing and monitoring the company. The goal of the GCGC is to make Germany's two-tier system of corporate governance transparent and comprehensible.

C.4.1.1 Composition and working methods of the Managing Board

As the company's top management body, the Managing Board is committed to serving the company's interests and achieving sustainable growth in the company's value. The members of the Managing Board are jointly responsible for the entire management of the company and decide on the basic issues of business policy and corporate strategy, as well as on the company's annual and multiyear plans.

The Managing Board is responsible for preparing the quarterly statements and the half-year financial report, the annual financial statements of Siemens Healthineers AG, the consolidated financial statements of the Group, and the combined management report of Siemens Healthineers AG and the Group. In addition, the Managing Board ensures that the company adheres to the requirements of legislation, government regulations, and internal company guidelines, and works to ensure that Group companies comply with these provisions and guidelines. The Managing Board has established a comprehensive compliance management system aligned with the risk situation of the company. Details are available on the website at ➔ www.siemens-healthineers.com/company/compliance.

The Managing Board informs the Supervisory Board regularly, comprehensively, and without delay on all issues of importance to the company with regard to strategy, planning, business development, the risk situation, risk management, internal control system and compliance. When filling managerial positions in the company, the Managing Board takes diversity into consideration and, in particular, aims for appropriate gender representation.

C.4.1.2 Composition and working methods of the Supervisory Board

The Supervisory Board oversees and advises the Managing Board in its management of the company's business. At regular intervals, the Supervisory Board discusses business development, planning, strategy, and strategy implementation. It reviews the annual financial statements of Siemens Healthineers AG, the consolidated financial statements, and the combined management report, as well as the proposal for the appropriation of net income. It approves the annual financial statements of Siemens Healthineers AG as well as the consolidated financial statements, based on the results of the pre-examination conducted by the Audit Committee and taking into account the reports of the independent auditors. The Supervisory Board decides on the Managing Board's proposal for the appropriation of net income and the Report of the Supervisory Board to the Annual Shareholders' Meeting. In addition, the Supervisory Board or the Audit Committee, as appropriate, concerns itself with monitoring the company's compliance with the requirements of legislation, government regulations, and internal company guidelines. The Supervisory Board also appoints the members of the Managing Board and determines each member's business responsibilities. Important Managing Board decisions – such as those regarding major acquisitions, divestments, investments in property, plant, and equipment, or financial measures – are subject to Supervisory Board approval, unless the bylaws for the Supervisory Board specify that such authority is delegated to one of the Supervisory Board committees. The bylaws of the Supervisory Board set out not only its tasks and responsibilities, but also the procedure for holding meetings and adopting resolutions. Since the Supervisory Board concerns itself – in the context of supervision and advice – also with sustainability issues in particular, the bylaws for the Supervisory Board were adapted accordingly, effective September 30, 2022.

In the bylaws for the Managing Board, the Supervisory Board has established the rules that govern the Managing Board's work.

The activities of the Supervisory Board and its committees during the reporting period are discussed in ➔ **C.3 Report of the Supervisory Board** of the Annual Report 2022.

Information on the curricula vitae of the members of the Supervisory Board is available on the company's website at ➔ www.siemens-healthineers.com/investor-relations/supervisory-board.

Further information about the Supervisory Board can be found on our website:

- Compensation of the Supervisory Board in accordance with Section 113 para. 3 Stock Corporation Act is available at ➔ www.siemens-healthineers.com/investor-relations/corporate-governance/supervisory-board-compensation.
- Compensation Report 2022 including the auditor's report in accordance with Section 162 Stock Corporation Act is available at ➔ www.siemens-healthineers.com/investor-relations/corporate-governance.
- Bylaws of the Supervisory Board are available at ➔ www.siemens-healthineers.com/investor-relations/corporate-governance/bylaws.

The Supervisory Board of Siemens Healthineers AG comprises ten members. It is composed entirely of shareholder representatives. The terms of office of the members of the Supervisory Board who were appointed in 2018 will expire at the conclusion of the Annual Shareholders' Meeting in 2023. The terms of office of the members who were appointed in 2020 (Dr. Roland Busch) and 2021 (Mr. Peer M. Schatz) will expire at the conclusion of the Annual Shareholders' Meetings in 2025 and 2026, respectively.

Supervisory Board committees

The Supervisory Board has four committees, whose duties, responsibilities, and procedures satisfy the requirements of the Stock Corporation Act and the GCGC. The chairpersons of these committees provide the Supervisory Board with regular reports on the committees' activities.

Committees	Members
Chairperson's Committee	<ul style="list-style-type: none"> • Prof. Dr. Ralf P. Thomas (Chair) • Dr. Norbert Gaus • Dr. Andreas C. Hoffmann
Audit Committee	<ul style="list-style-type: none"> • Dr. Marion Helmes (Chair) • Dr. Andreas C. Hoffmann • Prof. Dr. Ralf P. Thomas
Innovation and Finance Committee	<ul style="list-style-type: none"> • Prof. Dr. Ralf P. Thomas (Chair) • Dr. Roland Busch • Dr. Norbert Gaus • Peer M. Schatz • Dr. Gregory Sorensen • Karl-Heinz Streibich
Related-Party Transactions Committee	<ul style="list-style-type: none"> • Dr. Marion Helmes (Chair) • Dr. Andreas C. Hoffmann • Karl-Heinz Streibich

The **Chairperson's Committee** coordinates the work of the Supervisory Board and prepares the meetings of the Supervisory Board. It prepares the self-assessment of the Supervisory Board's work and monitors the implementation of the resolutions adopted by the Supervisory Board or its committees. In addition, it concerns itself with issues of Corporate Governance including the significance of sustainability for the Supervisory Board and the recommendations to the plenary for adapting the bylaws accordingly. This, inter alia, also comprises the assignment of responsibility with regard to sustainability issues (Environmental, Social and Governance -ESG) to the Innovation and Finance Committee as well as the adaption of its name as a result of the extended responsibility. Furthermore, the Chairperson's Committee makes proposals regarding the appointment and dismissal of Managing Board members and handles contracts with members of the Managing Board. When making recommendations for first-time appointments, it takes into account that the term of these appointments should not, as a rule, exceed three years. In preparing recommendations on the appointment of Managing Board members, the Chairperson's Committee takes into account the candidates' professional qualifications, international experience and leadership qualities, the age limit specified for Managing Board members, the long-range plans for succession, and diversity. It also takes into account the targets that the Supervisory Board has specified for the share of women on the Managing Board. It decides on approving contracts and transactions with members of the Managing Board and their related parties, whether individuals or entities. The Chairperson's Committee submits proposals to the Supervisory Board for setting the compensation of the individual Managing Board members. The Chairperson's Committee prepares Supervisory Board resolutions regarding the systems of Managing Board and Supervisory Board compensation, including the regular review of those systems. As far as this concerns sustainability-related targets, the Chairperson's Committee can involve the Finance and Innovation Committee which deals with sustainability-related issues (ESG). The Chairperson's Committee furthermore has the task of providing the Supervisory Board with nomination proposals of suitable candidates for election by the Annual Shareholders' Meeting as new members of the Supervisory Board. It therefore has the tasks of a nomination committee.

In preparing these recommendations, the targets defined by the Supervisory Board for its composition are to be given due consideration, along with the proposed candidates' required knowledge, abilities, and professional experience. At the same time, the aim should be to satisfy the profile of required skills and expertise. The Chairperson's Committee has furthermore been authorized by the Supervisory Board to decide on the approval of Managing Board proposals regarding appointment or dismissal of persons in certain management positions at the first level below the Managing Board, and the main principles of the compensation and incentive system for employees.

In fiscal year 2022, the Chairperson's Committee had the following members: Prof. Dr. Ralf P. Thomas (Chairman), Dr. Norbert Gaus, and Dr. Andreas C. Hoffmann.

The **Audit Committee** oversees, in particular, accounting and the accounting process. It conducts a pre-examination of the annual financial statements of Siemens Healthineers AG, the consolidated financial statements, and the combined management report, as well as the report on relationships with affiliated companies. On the basis of the independent auditors' report on their audit of the financial statements, the Audit Committee makes, after its own pre-examination, recommendations regarding the Supervisory Board's approval of the annual financial statements of Siemens Healthineers AG and the consolidated financial statements. The Audit Committee discusses the quarterly statements and half-year financial report with the Managing Board and the independent auditors, and deals with the auditors' reports on the review of the Group's half-year consolidated financial statements and interim management report. It concerns itself with issues of accounting and risk management, including the monitoring of the accounting process, the adequacy and effectiveness of the internal control system and the risk management system, including the coverage also of sustainability-related objectives, the effectiveness of the internal audit system and the