

REMUNERATION POLICY

for Siemens Financial Services AB

The board of directors for Siemens Financial Services AB (the “**Company**”) has adopted this remuneration policy (the “**Remuneration Policy**”) at a board meeting on November 2, 2017. This Remuneration Policy replaces the remuneration policy adopted on July 28, 2015. This Remuneration Policy is furthermore based on the Swedish Financial Supervisory Authority’s Regulations (FFFS 2011:1) regarding Remuneration Structures in Credit Institutions, Investment Firms and Fund Management Companies Licensed to Conduct Discretionary Portfolio Management (as amended) and should be interpreted in connection therewith. The Remuneration Policy aims to ensure that the Company applies a sound remuneration system that regards the risks entailed in the Company and to counteract excessive risk-taking in the Company’s operations. The Remuneration Policy is based on the principles of the remuneration system of the industrial Siemens group which aims to create a transparent salary process in which goals and guidelines are well defined and which is, due to the industrial focus of the group, not comparable to the remuneration system of a large bank group.

1. Definitions

- 1.1 “**Control Function**” means the Company’s respective Risk Control & Compliance Control Functions and the Internal Audit Function.
- 1.2 “**Regulated Staff Member**” means an employee, whose function or remuneration with respect to qualitative and appropriate quantitative criteria may have a material impact on the Company’s risk profile.¹
- 1.3 “**Remuneration**” means all remuneration and benefits to an employee within the framework for employment. This includes cash salary (fixed and variable), remuneration in the form of shares or financial instruments, pension provisions, severance packages, company cars other benefits and other cash remuneration.”
- 1.4 “**Result Period**” means the fiscal year: October 1 – September 30.
- 1.5 “**Senior Management**” means the following
- (a) The Chief Executive Officer,
 - (b) any deputy Chief Executive Officer or
 - (c) in the context of FFFS2011:1 any other person in the Company’s management group who report directly to the board of directors or the CEO.
- 1.6 “**Variable Remuneration**” means Remuneration, the amount or size of which is not determined in advance.

¹ “Regulated Staff Member” are further defined in SFS AB Risk Assessment – Remuneration Policy

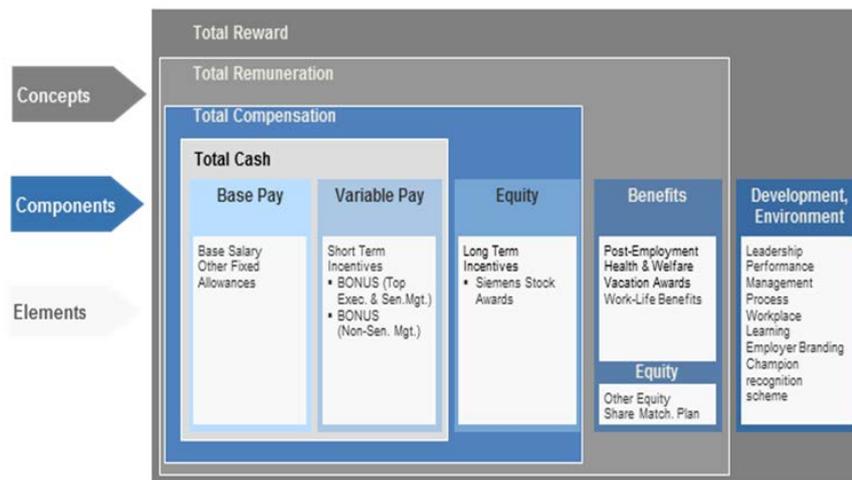
2. Scope

- 2.1 This Remuneration Policy applies to all employees in the Company.
- 2.2 Based on FFS 2011:1 chapter 2 Section 2 “The remuneration policy shall be designed and applied in a manner appropriate to the firm's size, internal organisation and the nature, scope and complexity of the business. The remuneration policy shall also be consistent with the firm's business strategy, objectives, values and long-term interests“.

3. Motives and Principles for Remuneration Decisions in the Company

3.1 General Provisions

- (a) The basis for remuneration is:



- (b) Remuneration to an individual employee may not counteract the Company's and its shareholders' long-term interests.
- (c) The total Remuneration amounts paid by the Company must not limit the Company's ability to sustain an adequate level of own capital (Sw. *kapitalbas*) or, if needed, to strengthen the level of own capital in the company.
- (d) When deciding on Remuneration to an individual employee, consideration is given to the scope and nature of the role and its responsibilities; the experience, training and qualifications commensurate to the duties: the employee's performance, the employee's compliance with internal and external rules and procedures: and, if and when applicable, the employee's compliance with rules concerning conduct toward customers.
- (e) When deciding on Remunerations, consideration shall not only be given to the employee's performance and compliance with internal and external rules and procedures, but also to the long-term interests of the Company. This applies to Remunerations to individual employees as well as to personnel categories. When deciding on Remunerations, a balance between fixed and variable Remuneration shall be applied. The ratio fixed/variable Remuneration shall be decided for each personnel category. The

composition of Remunerations shall aim to encourage a long-term value creation for the Company and at the same time encourage a sound risk position.

- (f) The fixed salaries paid by the Company shall, in addition to this Remuneration Policy, be decided in accordance with the from time to time prevailing *Salary Policy, Siemens Financial Services AB* (the "**Salary Policy**").
- (g) The Company does not offer or apply discretionary pension benefits.

3.2 Variable Remuneration

The Variable Remunerations paid by the Company shall be based on this Remuneration Policy and in accordance with the from time to time prevailing applicable policies adopted by the Company and on a Siemens group level, in accordance with the following:

- (i) *Guidelines for quarterly bonus system. Valid for Non Senior Management;*
- (ii) *Guidelines for annual bonus system. Valid for Non Senior Management;*
- (iii) *Compensation System for Top Executive and Senior Management of the Siemens group (the "**Compensation Policy**");*
- (iv) *Bonus Policy, Top Executive and Senior Management of the Siemens group (the "**Bonus Policy**") – applicable to the Managing Director of the Company only;*
- (v) *Siemens Stock Awards ("**Siemens Stock Awards**") of the Siemens group.*

3.3 Decisions on Variable Remunerations

- (a) Variable Remunerations within the Company aim to support the business towards a performance management culture with recognition that appropriately implemented and balanced incentives can have a significant impact on business result.
- (b) Performance-based variable Remunerations shall be based on the following criteria:
 - i) The results of the individual employee during the Result Period; and
 - ii) The results of the Company as a whole during the Result Period.

4 Board of Directors

4.1 The board of directors shall:

- (a) decide on Remuneration to members of the Senior Management, and
- (b) decide on Remuneration to employees who are primarily responsible for any of the Company's control functions.
- (c) The board of directors shall furthermore conduct annual reviews of the Guidelines for quarterly bonus system, the Guidelines for annual bonus system, the Compensation Policy, the Bonus Policy and Siemens Stock awards, to ensure that these are in conformity with existing regulations.
- (d) The board of directors shall annually implement measures to follow-up and ensure the Company's compliance with this Remuneration Policy.
- (e) The board of directors shall appoint one of its members to prepare reports and decisions in accordance with (a)-(c) above. Such member of the Board of Directors may not be a member of the Senior Management and must have appropriate knowledge and experience of risk remuneration issues and risk management.

5. Remuneration to Regulated Staff Member

5.1 Variable Remuneration, as regards Regulated Staff Members², shall be subject to the following restrictions:

- (a) Variable Remuneration to a Regulated Staff Member shall not exceed the fixed Remuneration.
- (b) As regards a Regulated Staff Member, whose annual Variable Remuneration is in an amount of SEK 100,000 or more, at least forty (40) percent of the Variable Remuneration shall be deferred for a period of not less than three years. It is the responsibility of the Board of Directors to, based on an assessment of the long term risk, and sustainable result performances, make more detailed decisions on levels for such deferred payments in the individual case.
- (c) Variable Remuneration that has been decided but not yet paid, in accordance with this section 5, may upon a decision by the board of directors of the Company be partly or fully cancelled, if it is shown prior to such payment having been made that the criteria for such Remuneration have not been fulfilled. The same applies if the Company's financial position is significantly weakened.
- (d) If the Regulated Staff Member is a member of the Company's Senior Management or receives a particularly high variable remuneration at least sixty (60) percent of the Variable Remuneration shall be deferred and paid to the employee one year after the date the amount of such Remuneration has been decided.

² See SFS AB Risk Assessment – Remuneration Policy

6. Employment Agreements

- 6.1** The Company shall to the extent possible ensure that all existing employment agreements between the Company and its employees are consistent with this Remuneration Policy. In cases where there are deviances, such deviances shall be reported to the board of directors, together with the reasons for such deviations.
- 6.2** The terms of employment agreements that are entered into by the Company shall be consistent with the provisions of this Remuneration Policy.
- 6.3** Employment agreements that are entered into by the Company may only by way of exception contain a right to a guaranteed variable Remuneration, a “floor”, and in such case only for a maximum period of one year.
- 6.4** The terms of employment agreements as regards the right to Remuneration during a notice period or after termination of an employment shall be consistent with the provisions of this Remuneration Policy.
- 6.5** The employment agreements shall contain an undertaking by the employee not to use personal risk hedging strategies or insurances to mitigate or eliminate the effects of an adjusted or cancelled deferred Remuneration.
- 6.6** Severance pay and other forms of Remuneration paid to an employee in connection with the termination of an employment must be proportionate to the individual performance of the employee during his/her employment, and must not be calculated so as to promote excessive risk-takings.
- 6.7** The company shall ensure that a remuneration package that is used for the purpose of replacing or buying out previous employment contracts conforms to the Company’s remuneration policy and is consistent with the provisions under article 5 above.

7. Information to Employees

- 7.1** The Company shall inform its employees of the criteria that form the basis of their Remuneration and also of how their results are assessed within the annual HR process.
- 7.2** The forms for result assessment shall be documented in writing and accessible to all employees.

8. Control and Annual Follow-Up

- 8.1** The Compliance Control Function of the Company shall perform controls related to:
- (a) changes to the Salary Policy,
 - (b) the fulfilment of the information duties under this Remuneration Policy and
 - (c) the Company’s application and fulfilment of this Remuneration Policy.

- 8.2 The Control Function's work in this respect shall be performed in accordance with instructions adopted by the board of directors.
- 8.3 The board of directors shall ensure that the Control Function is given sufficient means and authority to perform its tasks.
- 8.4 The board of directors shall ensure that employees of the Control Function are sufficiently qualified and experienced to perform its tasks.
- 8.5 The Company shall annually review and document the remuneration of all existing employees including employment agreements entering the company and based on the review, decide those identified as Regulated Staff Member.

9. Disclosure of Remuneration

- 9.1 The Company shall annually, in connection with the adoption of its annual report, account for the Company's Remunerations.
- 9.2 The information published in accordance with 9.1 above shall be set out in such a manner that individuals' economic conditions are not revealed.
- 9.3 The information published in accordance with 9.1 above shall be made available either in the annual report, as an appendix to the annual report or on the Company's website. If the account is not included in or appended to the annual report, the firm shall disclose in its annual report where the information is published.
- 9.4 The Company shall, on its website, explain how it meets the requirements imposed by the regulations in FFFS 2011:1 (as amended) in respect of its remuneration policy and remuneration scheme.