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Agreement reached on framework for restructuring and future pact for shaping the structural transformation

- **Framework agreement for restructuring at Power and Gas (PG) and Process Industries and Drives (PD)**
- **Cost reduction targets retained, job cuts unavoidable**
- **At the same time, a future pact for shaping the structural transformation**
- **Siemens establishes future fund for further qualification of employees**

Following intensive exploratory talks, Siemens has reached an agreement with its Central Works Council and the IG Metall labor union regarding a future pact for the digital transformation. The pact defines the framework for the restructuring measures currently required at the Power and Gas Division (PG) and the Process Industries and Drives Division (PD) and is thus the basis for the negotiations that are now beginning regarding a reconciliation of interests and a social plan.

“Last night, we reached important milestones: following intensive exploratory talks with the Central Works Council and the IG Metall trade union, we’ve now agreed on the main points that will pave the way for the cost savings required at PG and PD,” said Janina Kugel, Chief Human Resources Officer and member of the Managing Board of Siemens AG. In the forthcoming negotiations on a reconciliation of interests and a social plan, concrete restructuring measures will be defined in detail. The negotiations are expected to be concluded in the current fiscal year.

As was announced in November, restructuring measures are unavoidable at the company’s locations in Berlin, Duisburg, Erfurt and Mülheim, Germany, in order to cut costs to a competitive level. The Görlitz location will be expanded to become the global center for the company’s industrial steam turbine business. However,

restructuring measures will be required here as well. For the Leipzig location, Siemens is considering a possible sale. PG's solutions business at its Offenbach and Erlangen locations will be bundled as planned. The Offenbach location will be given up at some point in the future. However, part of the workforce is to remain in the Rhine-Main area.

Basic agreement on actively shaping the structural transformation

In addition to the framework for the restructuring, the future pact that was simultaneously agreed upon reflects the conviction of all parties that the structural transformation is the challenge of our time. Siemens and the employee representatives concur that the structural transformation now taking place will make certain markets and certain jobs obsolete. In other areas, digitalization will also create jobs. "However, this may call for different qualifications. All of us – companies, social partners and society – have to actively shape this transformation. We're leading the way by continually investing in innovation and the further qualification of our employees," said Kugel.

Already today, Siemens invests around €500 million each year in training and continuing education. Over the next four years, the company will make an additional amount of up to €100 million available for a fund for the future. "It's a matter of offering perspectives to those whose jobs may no longer exist in the future," said Kugel. "At the same time, it's important that every individual assume personal responsibility for ensuring his or her own further development and for learning new things."

This press release is available at www.siemens.com/press/PR2018050180COEN

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