Employees first.
European SEC-Agenda „Siemens 2020“

At its closing workshop, held on 2-4 February 2015 in Billund (Denmark), the SEC Agenda Group completed its joint consultations concerning the “Siemens 2020” European SEC Agenda.

The SEC members discussed and defined their positions within two further action areas prepared by the steering group. These are: Secure employment and trustful corporate culture.

Current decisions within the Siemens group highlight the importance of these two themes. Almost at the same time as the SEC Workshop was taking place, a new programme of staff cuts was announced in Munich, which will lead to 7,800 redundancies across the world, including 3,300 in Germany alone. This makes the demands put forward by the SEC for lasting, secure employment and respectful treatment for employees HIGHLY RELEVANT.

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The decision concerning agenda themes was based on a survey of all SEC members across Europe. This resulted in a medium-term SEC action plan based on five key areas. (See adjacent table)

The five SEC action areas are of strategic importance, as they combine European employee interests, in order to create structural policy action areas and adopt a common stance vis-à-vis the restructuring plans at Siemens.

As SEC chairman Harald Kern explains: “We have proposals and we have demands. We are committed to ensuring that these views are heard and valued. We will participate in the current discussions concerning corporate restructuring and future developments, so that European employee interests do not fall by the wayside.”

In order to make progress in this field at European level, close and rapid networking will be necessary with industrial and trade union representative bodies in the different countries.

The SEC and each individual SEC member will have an important coordinating and bridging role in this process.

The five SEC fields of action are documented on: http://www.dialog.igmetall.de/sec/

At a glance: SEC Action Areas

1 Strengthening employee participation and representation of interests
   Employee participation, safeguarding and developing employment as well as co-determined labour standards are a key requirement for forward-looking, long-term corporate development. We call for effective employee participation and increased co-determination. In particular, we need to be better informed, so that the SEC can contribute to changes affecting all countries. The national SEC members expect to be promptly, fully informed and involved in transnational restructuring decisions at the Siemens Group. This will be necessary if they are to effectively exercise their rights based on the SEC mandate.

2 Investment into innovation, future technologies, new products, in research and development
   Innovations in growth areas create a foundation so that Siemens can hold on to its leading position in terms of technical innovation and the marketplace in the long term, by producing quality products, which are in demand all over the world. Research and development must therefore remain a key area for the group’s technology strategy. R&D must be seen as an investment in the future and freed from the pressure placed on the operational business sectors to generate profits.

3 Strengthening value creation in Europe
   The SEC calls for the Europe region to remain the leading reference market for the Siemens Group. We call for a coherent European strategy with a future plan for skilled employment. We want to ensure that the country-specific strengths of the European network are safeguarded in the long term and able to develop, as a result of investments.

4 Protecting jobs and promoting employment
   Regular and skilled work for everyone, which is secured by collective agreements, must take priority over yield expectations and the financial interests of investors! It is the employees – their work, their qualifications and their innovative achievements – that have made Siemens an internationally successful company. If Siemens is to remain strong, employees will have to be involved in any changes. Secure employment and „good jobs“ can only be created through interaction between the trade unions, works councils and company management.

5 Social responsible corporate culture
   We advocate an open and value-oriented corporate culture, which is committed to the social benefits created by economic activity and the people that form the company. An essential feature of good corporate culture is the respectful and caring approach towards all employees as well as openness and fairness to the employee representatives.
European SEC Siemens Map 2015

The European SEC Siemens Map enables us to react to the recurring objection that employees know too little about the economic activities of Siemens in Europe, the SEC and the national SEC members. By means of the SEC Siemens Map, we want to “give the SEC a face” and make the committee better known – both internally and externally.

This SEC handbook includes:

- Country profiles, including key economic trends and information about workplaces and employment in each country
- Brief portraits of all national SEC members
- Framework information on relevant national employee rights, trade unions

The European SEC Siemens Map will be available in various languages in April 2015.

The project has made us stronger

“We have developed a common understanding of how we can effectively fulfil our SEC mandate and work together across borders. Information and communication, together with openness, trust and mutual support, are decisive foundations for successful European representation by the SEC.”

(Harald Kern, SEC Chairman)

Guidelines for communication and cooperation on the SEC

If European employee interests are to be successfully represented, all SEC members must have a shared understanding concerning how the SEC mandate should be fulfilled. The project has enabled us to improve mutual understanding and cooperation on the SEC, based on trust.

With reference to the country-specific practices of SEC members, consultation took place on common requirements and possible courses of action for SEC members, which were combined to prepare “Guidelines for SEC members”. These guidelines describe basic principles for European cooperation on the SEC, based on rights, duties and responsibilities. As a European working platform, they regulate the activities, working approaches and decisions of the SEC.
Safeguarding skilled employment in Europe

„Employees first.‘‘ – This is the clear stance adopted by the SEC in response to the forthcoming changes to the European Siemens Group. “We want to ensure that people and not only profits provide a focus for Siemens in Europe. We therefore want to protect and further develop in Europe as a social and employment location for Siemens,” says SEC chairman Harald Kern.

From the viewpoint of the national and European employee representative bodies, purely cost-driven objectives threaten the company’s economic substance and weaken its capacities for development in the Europe region. If business divisions and parts of the company with lower profit margins are abandoned and investments in research and development, new technologies and innovative products are cut back – this will be damaging for employees. Instead of short-term profit maximisation measures, the SEC calls for a sustainable structural and development concept with long-term prospects for the further development of Siemens activities, based on sustainable employment in Europe.

Siemens employees need attractive working conditions and an appreciative, motivating working environment. In a nutshell, they need skilled employment under fair conditions.

Employees expect the company to:

» have the necessary expertise in all business sectors,
» push ahead with investments and innovations in areas for future development,
» manufacture, research and develop in Europe.

It is therefore important that we influence corporate decisions affecting employment and labour standards. There is no conflict between “good secure employment” and economic objectives or principles.

Examples of target-specific Europe-wide solutions include:

» strategic HR planning and development
» bringing influence to bear on the use of temporary workers and contracts for work labour
» systematic initial and further training
» employee participation
» protecting and further developing social benefits
» safeguarding skills and expertise in the company

Regular and skilled work for everyone, which is secured by collective agreements, must take priority over yield expectations and the financial interests of investors!

Our point of view

A change of direction for secure employment!

It is the employees – their work, their qualifications and their innovative achievements – that have made Siemens an internationally successful company.

Siemens promises all its employees high quality employment conditions in a motivating and positive working environment. However, over the last few years, thousands of employees from all over Europe have had a completely different experience. As far as they are concerned, having the right skills and a strong commitment to work does not protect them against losing their jobs due to redundancies.

The SEC expects prompt and comprehensive information on employment issues and advance consultation on possible consequences and alternative solutions. The national SEC representatives affected by these measures must be included in the above process.

Our demand

So that we can make effective use of our right to prompt and comprehensive information and consultation on employment issues, as a European employee representative body, we expect the following information from the central management, as part of a regular reporting requirement:

- Employment levels for divisions in the national European companies
- A projection of future staffing planning and staff development at the various divisions
- A European action plan aimed at protecting the jobs of skilled workers and qualifications required in the medium term
- Annual activities in the field of professional training (training places that already exist or need to be created and permanent jobs for some trainees)
- Impact on employment of investments made in Europe

We call upon the central management to ensure that this information is provided automatically to the national SEC members by the national companies.
SIEMENS 2015
Corporate restructuring is well underway

THE PLAN

In May 2014, Siemens CEO Joe Kaeser started the largest scale corporate restructuring for 25 years. The division of the group into sectors (Energy, Industry, Healthcare and Infrastructure & Cities) was abandoned in October 2014 and the number of divisions was reduced from 16 to 9. The ambitious aims of this reorientation are to reduce bureaucracy, create leaner and clearer structures, ensure tighter management, increase customer proximity and concentrate on areas for future development, such as electrification, automation and digitalisation. The latter will be achieved by selling “non-core activities” and acquisitions in promising business sectors in terms of profits.

Siemens has stated that this corporate restructuring should also benefit the group and its shareholders financially. As a result, costs should fall by one billion Euros by autumn 2016.

Officially, Siemens has said that these savings will be invested in innovations, increased productivity and growth.

FIRST STEPS

Measures already implemented include selling the audiology business to Swedish financial investor EQT, withdrawing from the joint enterprise Bosch und Siemens Hausgeräte GmbH (BSH), purchasing the gas turbine and compressor division from aircraft engine manufacturer Rolls-Royce and the takeover (not yet approved by the EU) of US compressor manufacturer Dresser-Rand.

The most serious change for Siemens Group employees is the separation of Healthcare from Siemens AG.

On 1 May 2015, Siemens’ former Healthcare sector will be reorganised as the new company Siemens Healthcare GmbH, which will be managed independently as a 100% subsidiary under the umbrella of the Siemens Group. The new company Healthcare GmbH will have approx. 12,000 employees in Germany and around 20,000 employees across Europe.

And the consequences?

See the next page
THE CONSEQUENCES

At Siemens, experience has always shown that: Whenever Siemens develops new business and growth “visions” and restructures the group, it is always about cutting jobs! This is happening right now.

In line with the restructuring plans, Siemens has announced the cancellation of another 7,800 jobs worldwide, including 3,300 in Germany. How many jobs will actually be lost, which sectors will be affected and which alternative jobs will be created – is currently subject to negotiations with the works councils and IG Metal in Germany and, since 22 March, in other European countries.

At European level, the SEC is also working hard to keep job losses to a minimum.

With regard to the new company Healthcare GmbH, it must be ensured that the transition takes place without any disruption. This means maintaining standards and income, while protecting existing forms of representation and employee participation at all European sites.

SEC colleagues in the different countries are actively working towards this goal.

OUR POSITION

The Siemens general works council chairwoman Birgit Steinborn warns of extensive job cuts as a result of corporate restructuring

For years, we have raced from one redundancy programme to the next. I am tired of staff cuts repeatedly being sold as a solution, for which there is no alternative. I want Siemens to further develop its current strengths, which include technical expertise, social benefits and committed employees.

Our position remains unchanged: yes to reducing bureaucracy and no to job cuts. Every attempt must now be made to further reduce the number of employees affected, whose jobs will cease to exist, as they will be deployed elsewhere. Many divisions should also be consolidated, such as Research & Development and Sales. We will continue to put pressure on the company to carefully consider all measures. In addition, our employment agreement still applies and forced redundancies are not permitted. We call for further training and internal redeployment instead of job losses.

People before profit (Mensch vor Marge)

We have had enough cost-saving programmes in the past. We want measures that work in the long term. Staff cuts are not a solution, for which there is no alternative. We need to return to stability and reliability for our employees. In Germany and Europe, we have the expertise to be internationally competitive. We must hold on to this expertise. The group must transfer employees from sectors, in which the markets are shrinking, to sectors that are currently growing – such as Wind Energy. But the management must then also have the courage to hold on to these sectors and develop them further, even if they do not immediately generate the desired profits.

As far as we are concerned, it is all about a culture of co-determination and employee participation. In this context, people and not new redundancy programmes must be the central focus, as employees are the foundation and value of the company.
We present:
SEC –Region Central East Europe (CEE)

SEC-Region Central East Europe (CEE): Austria, Romania, Hungary, Czech Republic, Slovakia, Croatia, Bulgaria

SIEMENS in the CEE Europe Region:
- Manufacturing and development sites in 7 countries
- Approx. 31,200 employees (2014)
- 10 SEC members
- Latest turnover figure approx. 2.5 billion EURO (2013)

Questions to Fritz Hagl on corporate restructuring
(Austria, Regional Speaker CEE)

1. How will countries in the CEE region be affected by the recently announced job cuts?
   Hopefully they will not be affected, as CEE has not developed any additional structures due to cluster or sector organisation.

2. Have the employee representative bodies here been given sufficient notice?
   Not yet, as the SEC (except for Germany) has not yet been informed.

3. Which concrete proposals and demands do you have, in terms of protecting sites, jobs and business sectors?
   Less administration and working actively with the customer – in order to generate more orders and work.

4. How can the SEC work actively in these areas?
   By introducing new cross-border initiatives and emphasising the importance of Europe for Siemens once again.

5. How important are regular meetings in the CEE countries for you?
   Regular discussion with the company representatives is important, when it comes to identifying a common strategy and reaching a meaningful agreement for employees.

MY POINT OF VIEW

The European representation of employee interests in the Siemens Group is important because …

… „together, we can represent the interests of employees more effectively.”
Johann Kreimer (Austria)

…. „we would otherwise not be able to share opinions, interests and proposals concerning problems affecting employees.”
Gábor Kun (Hungary)

…. „despite cultural differences, the economic and social problems facing European employees are more or less identical.”
Robert Maurice Zamfirescu (Romania)

…. „we must guarantee stability and increase stability in terms of value and jobs at Siemens in Europe.”
Fritz Hagl (Austria)

…. „this is the only way that we can assert veto rights against decisions made by the employer.”
Zoran Knez (Croatia)

…. „we need information, common initiatives and shared strategic objectives!”
Christian Schaller (Austria)