

Press Release

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Knorr-Bremse strengthens Rail Vehicle Systems site in Berlin

- **Concentration of Rail Vehicle Systems production activities in Berlin-Marzahn**
- **Transfer of Commercial Vehicle Systems production activities to Czech Republic**
- **Conditions of employment at subsidiary aligned with Group practices**
- **Clear commitment to original company location in Berlin**

The Knorr-Bremse Group, the world's leading manufacturer of braking systems and supplier of sub-systems for rail and commercial vehicles, today announced extensive measures to strengthen its Rail Vehicle Systems production site in Berlin. With this move, Knorr-Bremse is demonstrating a firm commitment to Berlin, the city where the company was originally founded. The measures announced include:

- Transfer of production of power supply systems for rail vehicles (Knorr-Bremse PowerTech) from Berlin-Tegel site to Berlin-Marzahn.
- Expansion of Rail Vehicle Systems plant in Berlin through transfers of production from Munich to Berlin
- Transfer of production of torsional vibration dampers for commercial vehicles and stationary engines (Hasse & Wrede) from Berlin-Marzahn to the Commercial Vehicle Systems site in Liberec, Czech Republic
- Knorr-Bremse PowerTech to switch to employers' association not bound by collective bargaining in order to bring employment conditions into line with those of the Knorr-Bremse Group

With the relocation of Knorr-Bremse PowerTech, which mainly produces energy supply systems for rail vehicles, Knorr-Bremse is consolidating and strengthening its Rail Vehicle Systems site in Berlin. The Berlin-Marzahn site already hosts important elements of production operations for the Rail Vehicle Systems division, which mainly manufactures brake discs and brake control units here. The Marzahn site will thus focus on the rail vehicle sector and will provide work for more than 900 employees in the future. The move to Marzahn, where Knorr-Bremse PowerTech was based from 1996 to 2003, will affect some 275 employees. Transfer of operations is slated to begin in mid-2018 and be completed early in 2019.

By reinforcing its Marzahn site, Knorr-Bremse is making a firm commitment to Berlin where the company was originally founded in 1905. In recent years Knorr-Bremse has systematically expanded its Rail Vehicle Systems operations in Berlin, not least in 2016 when elements of its production activities were transferred from Munich. In the process, the size of the workforce at the Rail Vehicle Systems division in Berlin-Marzahn increased by 20 percent between 2013 and 2016 to more than 600 employees. In addition there are the 275 Knorr-Bremse PowerTech employees who were taken over in 2014. The main arguments in Berlin's favor are its proximity to major customers, including rail vehicle manufacturers and operators, the availability of trained skilled workers and qualified experts, and the city's fine infrastructure.

Knorr-Bremse PowerTech's move to Marzahn is to be preceded by the transfer of production of torsional vibration dampers from Marzahn to Liberec in the Czech Republic, as well as to locations in North America and Asia. Knorr-Bremse subsidiary Hasse & Wrede currently employs some 150 people in Marzahn, manufacturing torsional vibration dampers primarily for commercial vehicle and stationary engines.

The transfer of production to North America and Asia will help meet the engine manufacturers' domestic content requirements and safeguard the future of Hasse & Wrede's worldwide damper business. Against this backdrop and in view of the continuing rise in customer pressure on costs, it does not make economic sense to maintain the remaining production operations at the Marzahn site. In Liberec, Knorr-Bremse already operates a large plant for the production of commercial vehicle systems. The transfer to Liberec will affect 125 employees in the production sector and related areas for whom the aim is to identify socially responsible solutions. One area not affected by the transfer is the Damper Center of Competence which will continue to run its worldwide business from Berlin. The plan is to complete the transfer in the first half of 2018.

In addition, at the end of January but effective December 31, 2017, Knorr-Bremse PowerTech has left the Employers' Association of the Metalworking and Electric Industries, Berlin-Brandenburg Chapter, which is governed by collective bargaining, and joined the General Employers' Association of Berlin and Brandenburg which is not governed in this way. To accompany the announced move to Marzahn, Knorr-Bremse PowerTech is thus completing its integration into the Group's structures following its acquisition by Knorr-Bremse and preparing to bring employment conditions into line with Group practices. The 42-hour week was introduced at the Knorr-Bremse Group in Germany back in 2006. The introduction of the 42-hour week at Knorr-Bremse PowerTech is planned for April 1, 2017. In addition to the Berlin plant, this is also planned for the Knorr-Bremse PowerTech facility in Holzkirchen, Bavaria, where part of the workforce already works a 42-hour week.

The employee representatives and the potentially affected employees at Hasse & Wrede and Knorr-Bremse PowerTech have already been informed about the measures introduced. Negotiations on a settlement and social plan will begin without delay. Knorr-Bremse employs a total of 1,040 people at its Berlin site, some 5,000 in Germany and approximately 25,000 worldwide.

Caption: Knorr-Bremse site in Berlin | © Knorr-Bremse

Knorr-Bremse is a leading manufacturer of braking systems and supplier of additional sub-systems for rail and commercial vehicles, with sales totaling approximately EUR 5.5 billion in 2016. Some 25,000 employees develop, manufacture, and service braking, entrance, control, and energy supply systems, HVAC and driver assistance systems, as well as powertrain and transmission control solutions. As a technology leader, through its products the company has been making a decisive contribution to greater safety by road and rail since 1905. Every day, more than one billion people around the world put their trust in systems made by Knorr-Bremse.

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