



Agenda  
1. Strategie  
2. Projekte 2  
wie sie...

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# HIMA Group HR Report 2017

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Last year, we presented an HR report for the HIMA Group for the first time. It outlined how human resources work is an integral part of our global organization and how it supports the group's strategy. The report also explained in detail what had been achieved in this respect in 2016.

This first report was met with a pleasingly positive response. Both externally and how it internally, the transparency achieved was particularly welcomed. We would therefore like to continue along this path and continue reporting on a regular basis.

With this in mind, the present report provides an insight into the steps taken in this respect during 2017 to secure the corporate strategy in terms of our people.

Brühl, April 2018

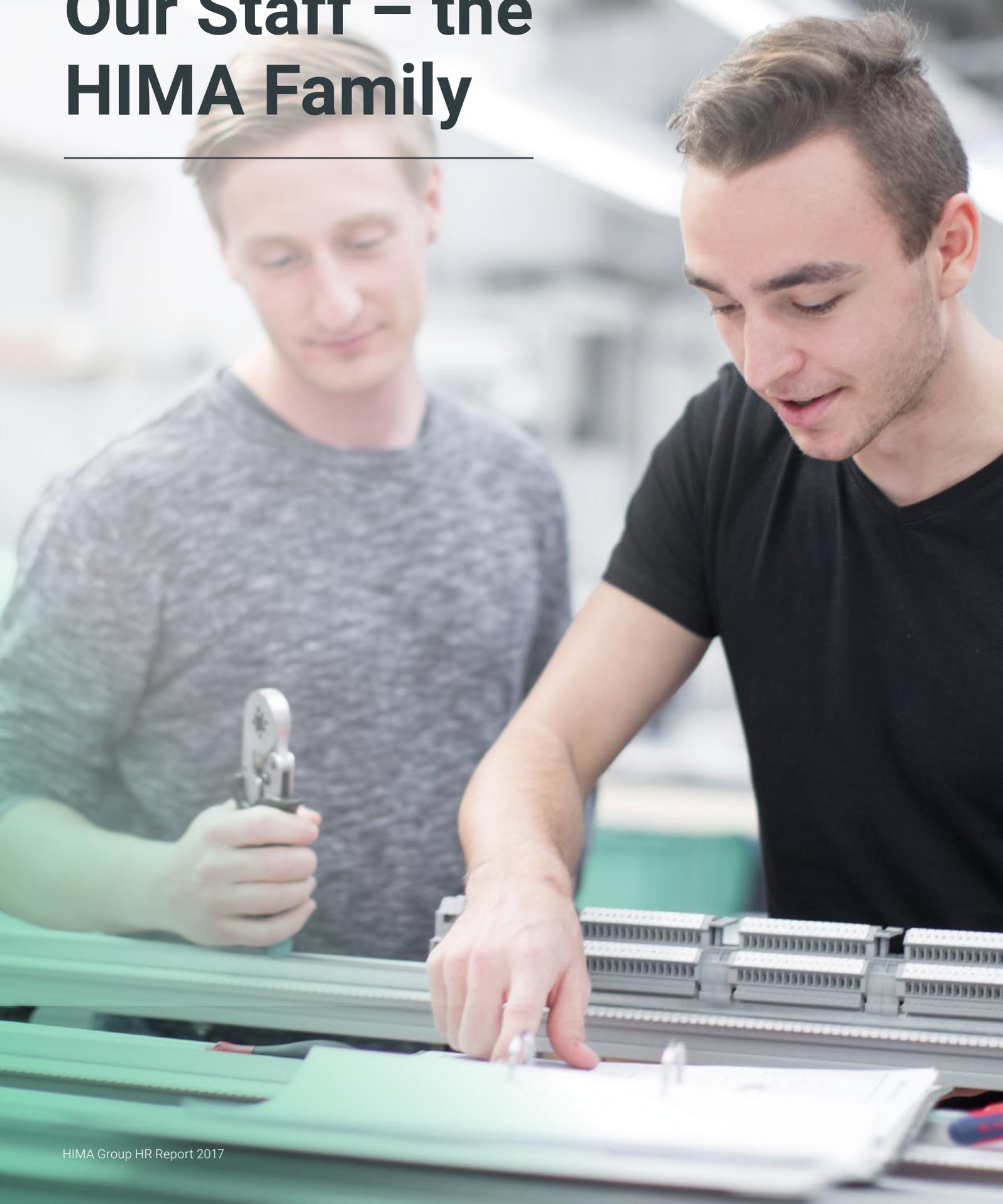


Klaus D. Mittorp  
Vice President Global Human Resources

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# Our Staff – the HIMA Family

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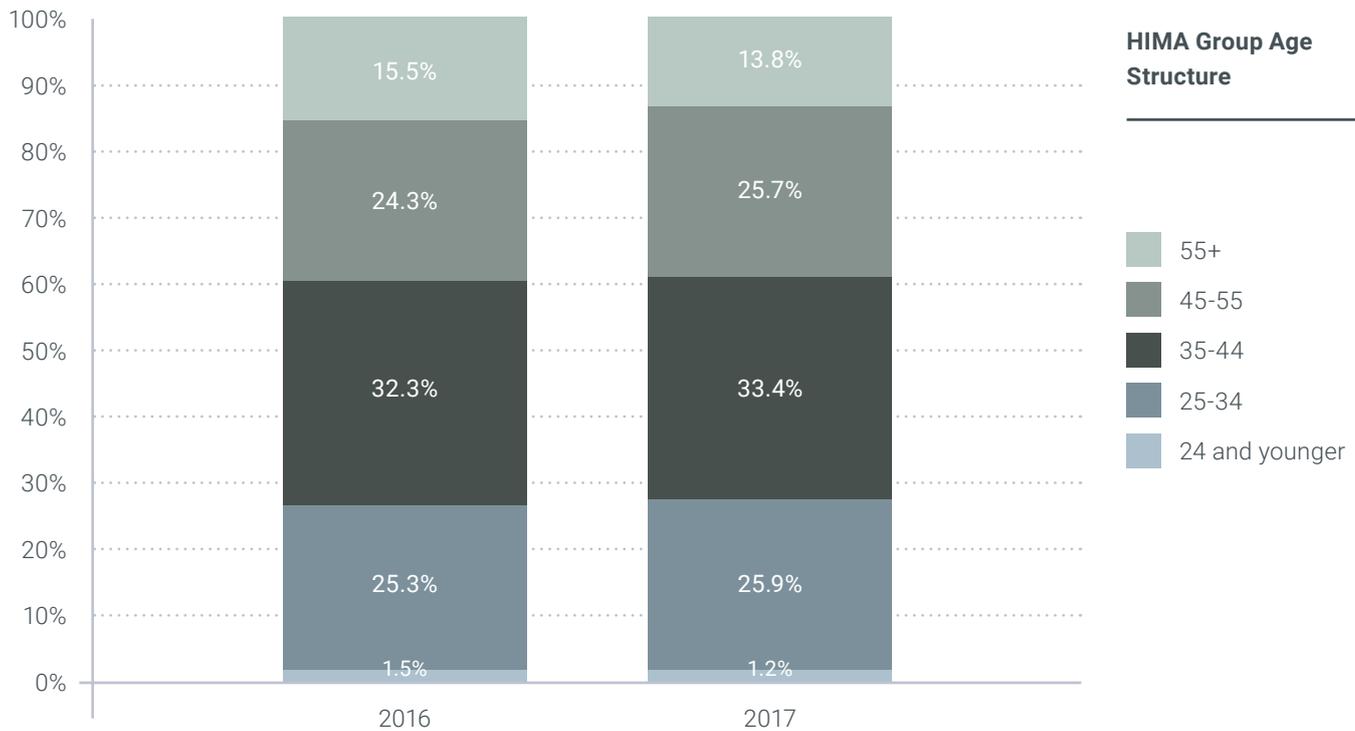
At the end of 2017, the HIMA Group employed 750 people worldwide (previous year 760). This means that the number of employees has essentially remained constant. Slight growth in China and Germany was offset by reductions in the Americas and Asia-Pacific region. In the US, we adjusted the number of employees in line with changes in circumstances due to a realignment of our business, and in Asia-Pacific the completion of a major project was in its final phase.

The unwanted staff turnover in the HIMA Group as a whole was 3.7% and 2% in Germany. In addition, there were retirements, terminations of fixed-term employment contracts, and employer-induced resignations. Therefore, the the almost unchanged total number of employees is the result of more than 70 joiners and leavers.

This also contributes to the continuing development of HIMA Group's personnel structure.



### HIMA Group Age Structure



Source: internal company reports

### Age Structure

In the year under review, the proportion of people aged 55 and over fell from 15.5% to 13.8%. This means that the generational change has progressed further. At HIMA, three generations are currently working hand in hand. In addition to the so-called "boomers" born in the years up to 1964, the generations X (1965-1977) and Y (1978-2000)

form the bulk of the HIMA workforce worldwide. We are very aware of the different orientations and needs of the respective generations, for example with regard to motivation, sense of purpose, or work-life balance, and try to reflect them as much as possible in order to remain an attractive employer in the long term.



## Diversity

The HIMA Group continues to have a strong international focus and position: We employ staff from more than 45 different nations. 37% of all employees work outside Germany.

The proportion of female employees worldwide remains unchanged at 22%. Although this compares favorably with most competitors, we are still intending to further significantly increase the share in the medium term. This will require special efforts in view

of the fact that the proportion of female graduates in STEM programs continues to lie between 10 and 15% worldwide.

In the HIMA Group, we were able to increase the number of female executives at the first two levels below the management board by more than one third, to 14 in the year under review.

## HIMA Overall



## Germany



## Rest of World (excluding Germany)



under 1 year
  1-2 years
  3-5 years
  6-10 years
  11+ years

Source: internal company reports

### Length of Service

As a medium-sized company, the HIMA Group attaches great importance to long-term employment relationships. This is reflected in the long average length of service of our employees. Every second employee of the HIMA Group has been working for the company for 6 years or more.

Particularly pleasing in this context is the fact that the average length of service also

rose outside Germany: The proportion of employees with at least 6 years of service has risen significantly from 19.6% to 24.8%.

Over the previous year, we mourned the passing away of one active employee and 10 retired employees. We will honor their memory.

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# Unchanged Focus – the Strategic HR Objectives (E3C)

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- ✓ Efficiency – focus and streamline
- ✓ Culture – embed values
- ✓ Career – promote employees and develop future leaders
- ✓ Change – support change, improve adaptability

In line with the medium-sized company structure, the strategic focus of our human resources work is long-term and directly derived from the corporate strategy. We explained this in detail in the previous year's report.

This direction did not change in the year under review. We have taken consistent action in all areas and have once again been able to make further progress.

# Efficiency – Focus and Streamline

## Productivity

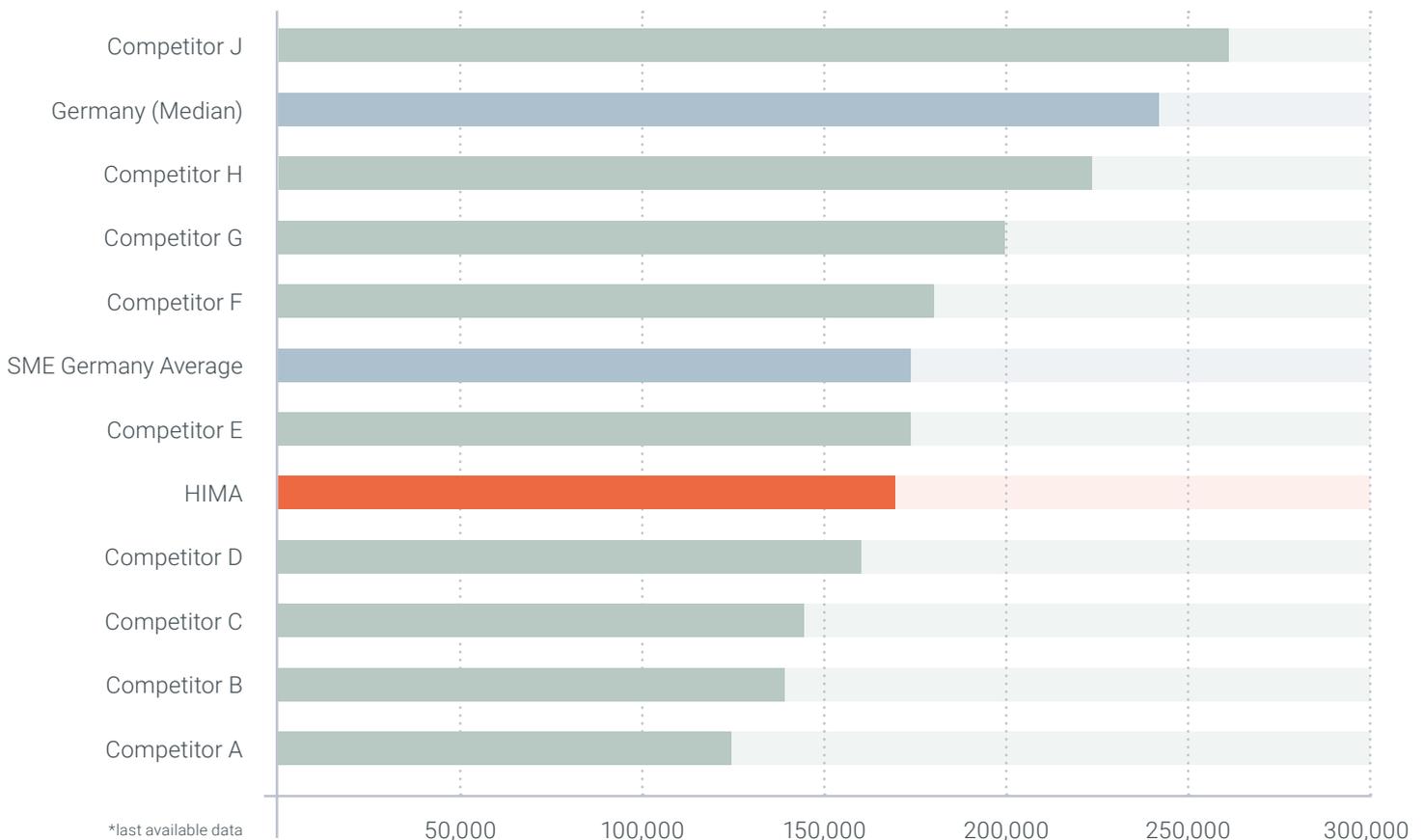
A major focus of our human resources policy continues to be on ensuring sufficient productivity. In 2017, we once again achieved a revenue per employee of just under €160,000.

This puts us in a solid position both nationally and internationally. However, we see further potential for improvement in

this area, which was also confirmed to us by our employees in our employee survey. We will therefore continue in our efforts for further improvements in the coming years.

## Revenue per Employee\*

**Productivity Benchmark**



Source: Statista and company reports

## Provision of Adequate Management Systems

In the year under review, we continued to drive the development of human resources processes and systems.

An important building block was the development of a new process for integrated performance and potential assessment as a basis for the best possible deployment and individual development of our employees.

This is based on the consideration that the success of the HIMA Group depends to a significant extent on its employees and their skills. It is therefore important for us to systematically promote the skills of managers and employees in order to support them in their professional and personal development

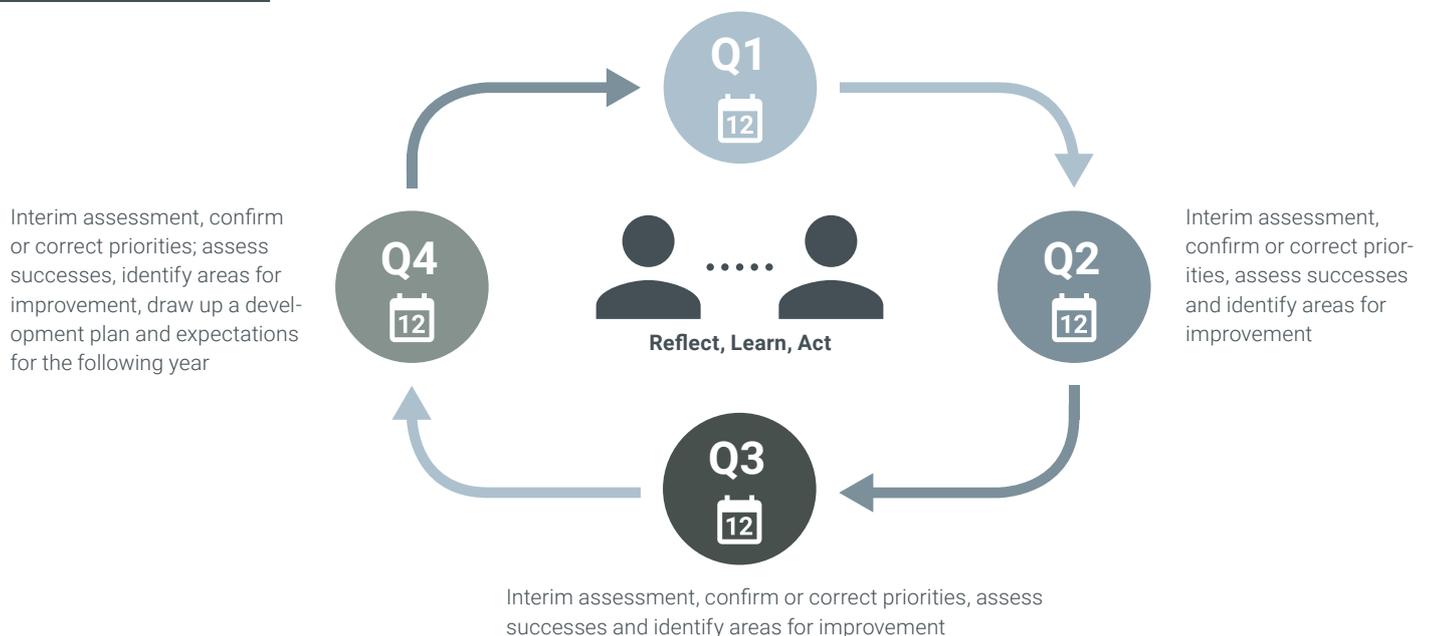
and to successfully position the company for the future. In today's complex and challenging environment, a continuous, holistic dialogue about expectations, performance, and potential is the right approach to achieve this.

We started with the introduction of the new concept in Germany in May 2017 with our works council agreement and thus also included input from the last employee survey. In doing so, HIMA is also aligning with some reputable major organizations that have recently also made comparable changes.

- Parties Involved**  
 A regular performance dialogue is conducted with each employee by the respective manager, detached from pay considerations
- Documentation**  
 Once a year, formally by the manager on the appropriate sheet (later ERP); otherwise only if required by the participants
- Content**  
 Mutual feedback on what has gone well, what could have been done differently, and how to implement what has been learnt; assessment of performance and potential; objectives and career prospects
- Frequency**  
 Once per quarter (recommended) independent of day-to-day business or event-related meetings; once per year mandatory. The time of this formal meeting can be freely chosen by the manager during the course of the year

### HIMA Performance Dialogue

Ensure a common understanding of expectations for the year based on profile/role, projects, priorities. Agreement on expected results and personal development; review the fulfillment of expectations from the previous year





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**Comparison to  
Current Practice**

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**Previous**

**Future**

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one-off conversation

▶ continuous dialogue

fragmented assessment

▶ holistic view (HIMA expectations)

fixed schedule

▶ flexible

extensive annual  
documentation

▶ greatly simplified documentation with focus  
on change or need for action

manual

▶ system supported (using OneERP)

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The process will be introduced or adapted in other regions in the foreseeable future. We thereby create the prerequisites for establishing a uniform, group-wide process in the medium term.



## Culture – Embed Values

The business and working environment has changed significantly in recent years. This goes hand in hand with faster changes and tougher competition and requires greater agility.

### Remuneration Policy

In order for the HIMA Group to be able to operate successfully and sustainably under the conditions mentioned above, we have not only introduced an integrated dialogue for assessing performance and potential, but have also further developed our remuneration policy.

To this end, we have initially concluded a further works council agreement in Germany, with which we are introducing a HIMA premium payment. This replaces all previous regulations on the performance allowance, which was still derived from the collective tariff agreement.

The focus here is on the consideration that the performance of each individual in his

or her respective role and the successful cooperation of all employees across organizational boundaries are essential prerequisites for the success of the HIMA Group. For this reason, employees receive a payment (HIMA premium) once a year after the end of the respective previous financial year, based on the business success of the HIMA Group. The purpose of this payment is to reflect the performance of individual employees in the overall context of the result and group-wide collaboration. In the future, payments granted to employees in the other regions will – as far as possible – also be linked to the business success of the HIMA Group.



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**HIMA Bonus Based on  
the Success of the HIMA  
Group**

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As of the financial year 2018, we are aiming for a globally uniform system of variable compensation for our managers at the first and second levels, which is also geared primarily to the business success of the HIMA Group.

These measures are intended to ensure that global cohesion and global cooperation, which derive from the HIMA values of “Global Proximity” and “Family Spirit”, are also embedded in monetary incentives on a sustainable basis.

### **Recruiting Channels**

The harmonization of our recruitment channels came to completion in 2017 with the establishment of a globally uniform recruiting platform within the redesigned HIMA website. This means that applicants now have world-wide access to vacancies within the HIMA Group. The application process has thus become significantly faster, more efficient, and more transparent for all involved.

Not least because of these improvements, we were able to keep the number of applicants worldwide largely stable, as well as the time required to fill open positions.

However, we are also seeing significant shifts in the labor market. The number of applicants for fixed-term contracts has decreased significantly in the context of positive employment conditions. The number of applicants and interested parties who are recruited for HIMA via traditional career fairs is also declining. On the other hand, we see a significant increase in the importance of social networks, albeit with very different regional characteristics. This channel is already well established, particularly in Asia.

The goal of all these initiatives is for applicants (and new employees) to live a uniform “HIMA experience” worldwide in terms of corporate culture and values.



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### **More Transparency in Recruitment**

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# Career – Promote Employees and Develop Future Leaders

Our employee development activities continue to focus on three key priorities:

- Build leadership skills and develop future leaders.
- Create an environment that enables sustainable performance.
- Promote the continuous professional and personal development of all employees.

## Management Development

We further improved the systematic development of managers in the year under review. The introduction of a strategic development plan was an essential part of this process. As part of this measure, we have identified all the key positions worldwide as part of a Talent Day, which was held for the first time in conjunction with the company's top management, and encompassed the inclusion of potential candidates in our short- and medium-term planning.

In 2017, we filled six new positions at senior management level worldwide.

## Personalized Training and Development

More than 450 employees worldwide took part in training, education or development activities, which represents a significant increase compared to the previous year.

In order to meet the steadily increasing demands for the training and qualification of our employees, we have combined all current training and education programs for our employees in the newly established HIMA Academy. The Academy is also responsible for training, consulting, and knowledge transfer for customers and external partners.

In this way, we ensure the most comprehensive and professional development possible, encompassing personal and technical skills as well as methodological and management skills.

## Vocational Training

The vocational training of students in Electrical Engineering with a focus on Automation Technology, which was started at our headquarters in Brühl in cooperation with the Duale Hochschule Baden Württemberg (DHBW) in September 2016, has developed very well. The intermediate results for first-year students are consistently positive, and second-year students are also off to a promising start.

We are currently working on the establishment of "International Business Management" as a second non-technical course of studies that will also help us to cover HIMA's future personnel requirements from our own ranks.

## Language Tuition

In countries such as Germany, France, or China, where English is not the first business language, we offer regular language tuition in various forms to our employees. In this way, we support the increasing globalization of the HIMA Group, support our employees individually and in line with their needs, and remove specific barriers to communication.



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**Over 450 Employees  
Took Part in Training  
Activities**

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# Change – Support Change, Improve Adaptability

For the enduring success of the HIMA Group in an increasingly dynamic environment, it is of great importance to maintain the motivation, performance, and commitment of the employees in times of change. At the same time, it is also important to prepare employees in the best possible way to cope with changes that can be increasingly difficult to anticipate. In the year under review, in this area we focused on structures, change management, health and well-being, as well as cooperation with employee representatives.

## Revised Organization

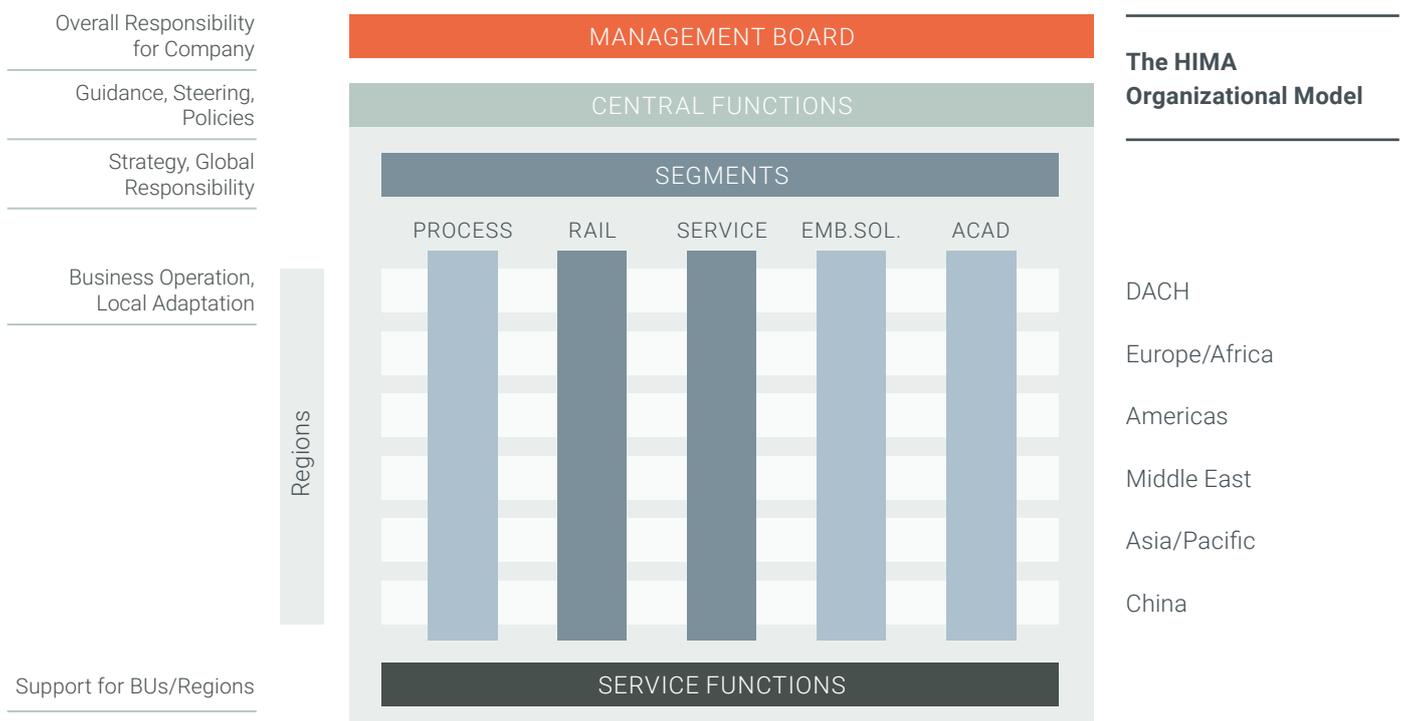
An important milestone in the further development of the HIMA Group in the year under review was the introduction of a new organizational structure. The structure was derived from our strategic business model ("Business Model 2020") and serves to adequately position the HIMA Group for future developments.

The core of this organizational structure is a focus on business segments, regions, and central and support functions. The segments bear global responsibility for their respective business and define their corresponding sub-strategy. The regions are responsible for the operational business locally and ensure necessary local adjustments. The central functions have a steering role and develop

global policies, while the support functions provide professional support for the segments and regions.

In the course of this change, we have also created a globally uniform title structure for the first time in the HIMA Group. In the future, all managers worldwide will hold such a title, supplemented by a functional designation. The title is derived from a combination of responsibility and individual.

In this way, we contribute to increased transparency both internally and externally and create the basis for a company-wide HR policy framework.





## Change Management

Based on the experience gained from several pilot events in the previous year, we launched a “Manage Smart Change” program in 2017, which enables managers to become aware of their role in change processes of all kinds and to reflect on and develop their behavior accordingly. The program has a modular structure and provides managers with step-by-step support in experiencing the dynamics of change in various roles, reflecting on their role as managers in change processes, and familiarising themselves with and using change management tools. In 2017, more than 40 executives in Germany took part in one of the programs and we will offer this internationally in the future.

## Employee Survey (GPS)

Targeted HR management of the HIMA Group also requires that employees regularly have the opportunity to reflect on their perceptions with the company’s management. In 2015, for the first time, we conducted our worldwide Global People Survey (GPS). At the end of 2017, we repeated the survey. The results will provide us with valuable input for further HR development over the course of 2018 and will also enable us to identify specific trends for the first time.



Source: German Federal Ministry of Health

## Health and Well-Being

According to our internal surveys, 97% of HIMA employees worldwide respond positively to the question of whether they consider their physical working conditions to be appropriate, and 83% feel that they are able to keep their work and private commitments largely in balance.

In 2017, the health ratio of employees in Germany was 95.7%. A long-term comparison shows that HIMA has tended to perform better than the national average.

With a view to the future, HIMA is developing a unified global approach to expanding health and well-being activities.

In 2017, we held another “HIMA Health Day” at the Brühl site. This year, stress management and related practical measures were the main focus.

In a subsequent survey, almost 80% of employees gave positive feedback and emphasized the need for ongoing implementation of the acquired findings.

In 2017, HIMA continued to provide medical care, an emergency service for business trips, and medical check-ups for executives.

## HR Organization

In order to be able to meet the increasing demands in terms of personnel, we also further developed the organization of the HR function in the year under review. We have consistently developed the "Business Partner Model" worldwide and reorganized HR in the Middle East region, establishing it as a function in its own right.

In Germany, we have also partially out-sourced payroll processing to an external partner. In doing so, we not only achieve a cost advantage, but also make an important contribution to future viability and risk containment.

## Collaboration with Staff Representations

In 2017, in the countries with employee representatives, which is mainly the case in Germany, collaboration was characterized by a very trusting relationship and regular exchange of ideas. This is in keeping with the spirit and culture of the HIMA Group as a family-run, medium-sized company. It was also an important prerequisite for achieving groundbreaking solutions in the stipulation of important framework staff agreements. More than three quarters of employees in Germany rate the work and presence of the works council as expressly positive in our employee survey.







# Where Are We in...

## Project Planning

Definition of Project Objectives

Definition of Processes

Definition of Project Schedule

Definition of Project Organization

Definition of Project Reporting

Project Kickoff

## Concept Phase

Process Adjustment

IFS Applications<sup>®</sup> Environment

Key User Training

Solution Concept

Requirements

- Data
- Functions
- Interfaces
- Reports
- KPIs
- Security



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