



**EEW
GROUP**

MANAGEMENT GUIDELINES



From left to right:
Jörg Schorge,
Christoph Schorge,
Christina Dietze

Dear Sir or Madam,
Dear Colleagues,

We, the shareholders of the EEW Group, think that progress can only occur when you constantly set yourself new challenges and are ready to continually **develop and also challenge the strategies and structures of the business**. This has distinguished our family business for decades and is decisive for our success.

Therefore we are proud that all of you, dear colleagues, **are a part of this entity and that you contribute your knowledge and ability and undertake maximum efforts to achieve the best results**. Together, we are now more than 2,500 colleagues in nine branches worldwide. It is therefore even more important that we adjust our joint actions in providing uniform guidelines and values.

With this in mind, we have decided to develop and introduce new management guidelines into the EEW Group which form the foundation for our global relationships and teamwork and are provided for every employee for information. In this context, our management carries particular responsibility to ensure that these guidelines do not just remain empty phrases, but are filled with meaning on a day-to-day basis. We as shareholders also want to be measured by these principles and are looking forward to implementing them together with the management.

The following brochure gives you a concise **overview of the values and requirements** that are connected to the role of 'Managing at EEW'. However, this brochure is not just available to the management, but to all EEW employees – because there are always two sides to management.

On behalf of the EEW shareholders
Christoph Schorge



EEW
GROUP



From left to right:
Christoph Schorge,
Ralf Pulverich,
Dr. Harald Stolten

TEAM PERFORMANCE IS KEY

Interview with the management

What was the reason behind the development of the management guidelines?

CHRISTOPH SCHORGE: In previous years, our business strategy was heavily focused on growth of production capacity and product portfolio. This development involved the recruitment of new colleagues, the restructuring of entire departments and the changing of our working processes. During the restructuring process it occurred to us from a management point of view that 'employee management' plays a key role. With that in mind we set ourselves the task of building a business-wide uniform management structure and developing appropriate management guidelines.

What is going to improve with the introduction of these management guidelines?

HARALD STOLTEN: As my colleague has just explained, we believe that the success of the business is largely based on good management. I will even go a step further – I think

that a well coordinated management team can achieve competitive advantages in the market. Within our projects, EEW consistently demonstrates that we are highly flexible and can come up with creative solutions for our customers' requirements within a tight time frame. At the same time, we must also acknowledge that the business itself, as well as market requirements have reached a level of complexity that can only be controlled by means of a structured, process-based approach. In order to achieve this, a uniform understanding of management is required.

RALF PULVERICH: Exactly, process-based thinking and acting requires teamwork and cooperation across departmental borders as well as a high level of responsibility of individuals with regard to a collective result. This can only work if leadership and company-wide cooperation follow the same principles. In this respect, completely new competitive advantages can arise if we successfully combine our traditional strengths with the aspiration of structured, securely controlled processes.



Let's move on to discussing the introduction of management guidelines. Are these guidelines only applicable to management or do they affect anyone else?

RALF PULVERICH: The term 'management guidelines' quickly becomes a misconception. Of course, our managers have an important role in the introduction of the guidelines, as they shape the working structures in their respective department with their individual management style and, as a result, the type of cooperation. However, the declared aim is to formulate a basic understanding of management that encourages cooperation between managers and employees.

HARALD STOLTEN: The cooperation based on partnership just mentioned is an important part of our management aims. You can definitely compare this to a creative, experienced football team. In this case, the ability and willingness of individuals is crucial, but the team performance is what ultimately decides between success and failure. Individual results from a certain area are very important but they are not wholly pivotal for the success



and sustainability of the business. It is the collective results and coordinated interplay of all departments and employees. Every employee is responsible for their work and their contribution to the collective results and successes.

What influence do the management guidelines have day-to-day and how do our employees personally benefit from them?

CHRISTOPH SCHORGE: You can get to the heart of it quickly: Every employee knows where they stand regarding what is expected of them individually but also what they can expect from their manager or management. The management guidelines serve as a type of 'guard rail' for cooperation. They specify values and principles, to which the management especially, but also the employees, should adhere themselves – independently of their departments or superiors. This adherence of the management can and should be demanded by our employees, if necessary.

RALF PULVERICH: A further central core element of our management guidelines is the definition and the communication of aims. Clear aims create commitment, order and security. At the same time, they provide guidelines which

enable every employee to work independently and take responsibility for his own work. That does not only increase the creativity of all employees, but also the fun of working together.

The development of management guidelines is already a challenge in itself – but its transfer into business practice must be a much greater one. How should management guidelines be established on a day-to-day basis?

CHRISTOPH SCHORGE: We are aware that this is the sticking point. People do not change the way they work because a steering group has formulated something. Firstly, I would like to emphasise, that our management already managed their teams very well before we set about developing this set of guidelines. This provides us with a strong foundation we can built on. During the development of the management guidelines, we held several seminars with the management team, in which they dealt with the guidelines, their roles and their tasks and expectations in great depth.

RALF PULVERICH: A further example are the employee annual reviews, in which the managers give feedback to the employees and vice versa about cooperation as outlined in the management guidelines. Nevertheless, it would be overconfident to say that everything is running smoothly right from the beginning. In fact, all of us – executives, management and employees – are part of this process and will undergo a learning curve together, continually assessing our behaviour and demanding it meets the guidelines.

At the start of the interview you already mentioned the close connection between management structure and business success. What importance do the management guidelines have for the future of the EEW Group?

HARALD STOLTEN: With the competitive challenges we face today, it is hardly possible to obtain meaningful competitive advantages by way of products, machines or plant, as they are increasingly similar in their features and performance characteristics. The managers of EEW are convinced therefore, that we can only achieve superiority through a functioning organisation which continually improves and learns. This means excellent control of our internal as well as our external interfaces, especially those relating to our customers. We will only achieve this with teamwork and a high degree of communication, where leadership plays an essential role.

CHRISTOPH SCHORGE: We see the continual development of our management structure as an important building block for our future business success. Similarly, the partners and the management of the EEW Group vigorously support this process with the implementation of the management guidelines and support all our employees and managers as they put these into practice within their respective departments.





1. Objectives

Creating direction and commitment.

Clearly formulated and calculated aims create direction and commitment. With the definition of business aims that are related to general development of the business and which include quantifiable factors such as sales and operating results, the management predetermines the direction. These aims are broken up according to departments to ensure that every employee is aware of their contribution to achieving the collective target. Whether and in which degree the set target has been achieved is first checked by the employee himself and then by the manager. If the framework changes, the aims must be reviewed and amended where necessary.

to create a uniform, business-wide understanding of what we collectively want to achieve at EEW, and by that we mean the whole workforce. Furthermore, they form the basis for our target agreements with the departmental managers, who then break down the agreed targets given to them into targets for individual employees. This creates a "cascade of leadership based on targets". It is important that the targets are not only accepted, but also allow dealing with ambitious tasks with appropriate commitment and effort. We are convinced that this benefits the business, but also the working and personal relationships, irrespective of the levels of hierarchy.'

‘ The determination of corporate goals is one of our core activities as management. Once determined, we use them

Dr. Harald Stolten, Managing Director EEW Group



Ensuring clarity and progress.

With every decision we make, we take a step forward. We aim for our targets in a determined manner and make independent decisions in individual areas of responsibility. Our decisions must always be justifiable, authoritative and timely. This does not exclude the possibility of making a mistake and having to revise a previous decision.

Every one of us is required to make dozens of correct decisions in the course of one working day. Especially in project management there are multiple subjects to finalize everyday in order to take projects further or to

conclude them. That forces every project manager to make fast, target-oriented, independent decisions on behalf of all involved. We maintain open contact with each other and can rely on one another. That is the basis of every decision for my colleagues and me – allowing me to fully support those decisions externally, even if I did not make it.

Philipp von Heydebreck,
Head of Project Management EEW SPC





3. Responsibility

Personal aspirations and commitment to the company.

Responsibility comes from responding – ‘how can I respond with my actions and what can and must I take responsibility for?’ These are the key questions that must be considered as part of our day-to-day work. As the proverb goes: ‘Success has many fathers, while failure is an orphan’. Whoever takes responsibility seriously does not hide behind excuses. Responsibility cannot be delegated. Acting responsibly also includes demanding and promoting independent working of our employees by ensuring that everyone knows this tasks and competences and is able to fulfil them.

‘My grandfather and my parents allowed my sister and me to participate in the events of the business from our childhood. So even at the dinner table we were able to

see for ourselves that every decision has consequences that someone must take responsibility for. Because I am continuing the business together with the Schorge family in the third generation, I see it as my responsibility to not only maintain what we have already achieved but to also develop the business further through innovation and investments. In order to achieve this the support of every individual in the EEW family is required, as well as the readiness to take responsibility for individual working results. Making mistakes is not an issue as long as we learn from them and share the knowledge we have gained in order to create added value for all colleagues.’

Andreas Dietze,
Shareholder & Managing Director EEW SPC



Pooling necessary competences for the successful completion of tasks.

‘Together we are strong’ – that is the core idea of team-oriented working. Considering the complexity of our tasks it is necessary that in working groups our individual strengths and necessary competences are combined and that collectively we develop the best solutions. In this context, it is important to keep an eye on your own work or department but also to think in a cross-sectoral way and with regard to the whole process. Teamwork means not only learning together, but also learning from one another and working together at eye level.

“The successful execution of the major “Beatrice” project, which demanded close collaboration between our Korean

plants as well as with our German headquarters is the result of excellent teamwork. We utilised the individual strengths of our plants in the course of this project. While EEW KHPC developed an innovative concept pipe bending, the Korean main plant manufactured 14,000 tonnes of structural pipes with 1,200 circumferential welds per month. All those involved pulled together, supported each other, communicated a lot and expanded their horizons. This shows the first class teamwork and motivates us to execute further projects of this type.”

CS Lee, Head of Production EEW Korea





5. Information and Communication

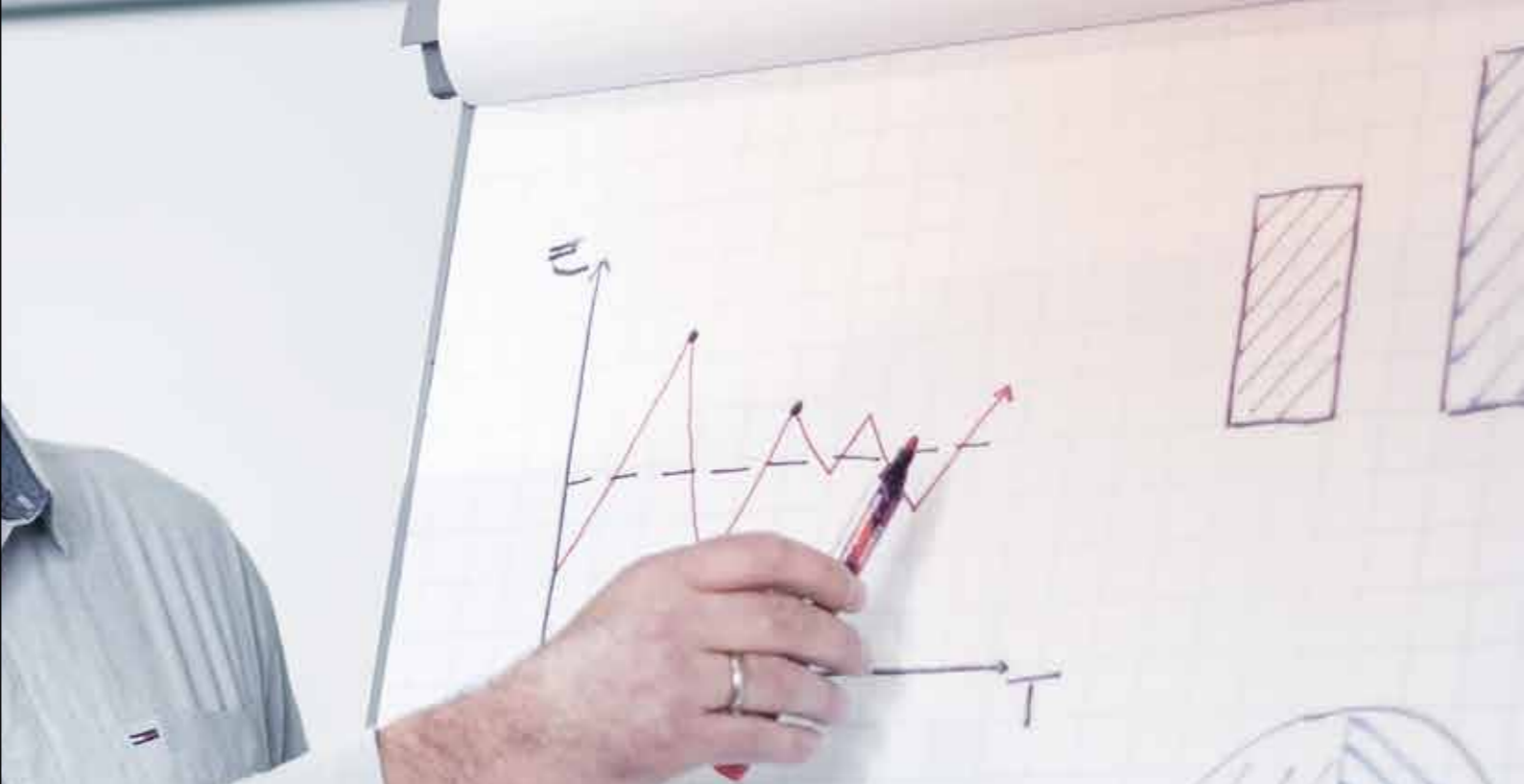
The basis of our cooperation.

Good cooperation works especially well when the exchange of information takes place in direct, personal conversation. For good reason, the giving and receiving of information is not a one-way street and displays its full impact when the information can be put into practice quickly and effectively by all involved. Based on this understanding of personal communication, we are also in a position to constantly improve our cooperation further.

‘We have decided to use emails only as a supplementary form of communication. We want to use personal conversations as main communication tool. Whether in spontaneous meetings or regular discussions it has been

proven that this is the best way to solve current and prospective tasks. In regular meetings, I also address all significant topics of the operative day-to-day business with colleagues and employees. All things considered, we have gained the best experiences by communicating and notifying each other constantly and immediately. This practise helps us to keep internal communication at a high level and improves our working environment. Lastly, cooperation continuously improves and with this the benefits for our company.’

Dennis Krüger, Head of Production EEW-Bergrohr



Motivates the individual and secures the future viability of our company.

Encouragement and development are the key to being fit for future requirements both for the business and the individual. As every person is privately encouraged and helped to develop for their life tasks from childhood, in a sense this also applies to the work life. The responsibility for this lies with the manager as well as with every individual employee who brings his flexibility to the workplace.

‘As Head of IMS Management at EEW-Pickhan, I am responsible for assuring that we have structured processes and that we implement standardised procedures. The support and qualification of our employees are important building

blocks in this context in order to promote them personally and, at the same time, also promote our business. The yearly staff appraisals which take place between employees and their managers play a central role here. We not only support our employees in identifying tailor-made measures with regard to their development needs but also promote the competences of individuals to increase their know-how and skills in line with business requirements.’

Philipp Sure,
Head of IMS-Management EEW-Pickhan Umformtechnik

6. Encouragement and Development



**7.
Openness
and Trust**

To work happily and successfully.

The achievement of business and department aims is facilitated by a feedback culture. Feedback enables us to counteract unsuitable developments and recognise potential for improvement. While managers give their employees specific and prompt feedback on their performance, attitude and behaviour, they in return also demand feedback on leadership and cooperation. The basis of these discussions is mutual respect and appreciation.

Openness and trust are the basis of all long-standing business relations of EEW. The long list of returning customers shows that we fulfil these expectations. It allows us and

our customers close focus on each other's objectives and to achieve goals collectively. The global network of EEW has to create such an environment to avoid complications in communication and to have a clear understanding of each other. Not restricted to the external communication, the internal communication at EEW is a major part of my daily work as CPE manager. Based on the input from my colleagues, my team and I are able to provide accurate updates to our clients for successful project management.

Frederik Meuskens,
Jr. Manager Commercial Project Engineering EEW Malaysia

GOING BOLDLY INTO THE FUTURE

Ms. Becker, the HR department of the future is a strategic management partner and is responsible for proactive personal development. What role do the management guidelines play within personnel development?

J. BECKER: Changing work environments demand modified management styles. Alongside self-management skills for internal processes which are becoming more and more complex, new management methods such as changes of the hierarchical order of the business are becoming more

Jessica Becker,
Head of Human
Resources



and more significant. In 2014, as an external consultant to the management, Mr. Schlereth was tasked with the completion of an analysis for personnel development. From the results of this analysis, recommendations were formulated, which related to the understanding of leadership as well as the topic of communication within the company. In order to structure a sustainable HR development concept, a collective understanding of 'management' in the form of the management guidelines was defined.

Ms. Becker just mentioned the support of an external consultant. Mr. Schlereth, you guided as mediator the development process. How should we envision this process?

G. SCHLERETH: In a small group made up of the managers and executives we dealt with central questions such as 'What characterises the management at EEW?', 'What does good management mean to us?' and 'What is important to us when it comes to the topic of management?'. In essence, these very lively and constructive discussions produced the management guidelines presented in this brochure.

In the course of the discussion you got to know EEW as well as its management. What do you value most about this cooperation, Mr. Schlereth?

G. SCHLERETH: A particularly positive aspect was the willingness of all involved to improve themselves and address necessary changes, but also to accompany the business and the relevant changes. Solidarity and identification with the company are very pronounced in the EEW workforce. In addition, the openness and commitment to deal with the topic of 'management' and the non-hierarchical relationship from the directors to the lower levels of management impressed me.

Let's look ahead to two or three years in the future. In your view, what will EEW have changed by then?

J. BECKER: I am sure that clear changes will stand out particularly regarding communication. From my point of view, initial improvements can already be seen. But also the topic of personnel development will have moved into focus. Regarding this, we are training our management, creating the appropriate framework and making the necessary instruments available. The annual employee

Gisbert Schlereth,
Management
Consultant



review is one of the most important aspects here. The results of these discussions will have a noticeable impact on the qualification and motivation of our employees.

Finally, another question for you, Ms. Becker. Especially in times of demographic change the topic of recruitment becomes more and more difficult. What positive effects do you expect from the envisaged change of culture?

J. BECKER: Alongside income, management structure has an increased importance for employees when they are deciding on an employer. Clear communication structures, respectful interactions, independent action, or even team work not only distinguish a good management structure, but also make an attractive employer. In this respect, this can only have a positive affect for us in comparison to other businesses.

HOW WE MEASURE OURSELVES

EEW Management Guidelines



1) Objectives

Creating direction and commitment.

- We formulate clear objectives, starting at management and continuing in all departments.
- We manage by targets where it is necessary.
- We agree on objectives wherever this is reasonable and possible.
- We formulate our objectives as SMART (Specific, Measurable, Appropriate, Realistic, Timed).
- In the event of changed circumstances, objectives must be examined and, if necessary, adjusted.
- The responsibility for measuring the degree of objectives attained lies first with the responsible employee and secondly with this line manager.



2) Decisions

Ensuring clarity and progress.

- We make decisions in appropriate timeframes, in an objective-oriented and binding manner.
- Decisions taken are loyally represented.
- Everybody takes decisions for their area of responsibility independently.
- In justifiable exceptional circumstances, decisions can be revised.
- Decisions are always justifiable.



3) Responsibility

Personal aspirations and commitment to the company.

- We ensure that every employee knows his tasks and powers and is able to carry them out.
- We accept responsibility for our actions in the context of our management guidelines.
- We promote and encourage personal responsibility.



4) Teamwork

Pooling necessary competences for the successful completion of tasks.

- We enable interdepartmental thought processes and action in projects and working groups.
- We create awareness and understanding for work on shared processes.
- We encourage cooperation on an equal footing.
- We know the ranges of services of all departments and divisions.
- We encourage team development and joint learning.



5) Information and Communication

The basis of our cooperation.

- All information necessary for the producing of the tasks is made available. We clarify this together.
- We inform promptly, clearly, adequately and objectively.
- We communicate clearly, respectfully and comprehensively in and outside the limits of the organisation.
- We prefer personal conversations and use e-mails only as a supplementary means of communication.



6) Encouragement and Development

Motivates the individual and secures the future viability of our company.

- We encourage independent action and individual professional development.
- In the annual performance review, we clarify the development needs and offer tailor-made measures.



7) Openness and Trust

To work happily and successfully.

- We provide situational and prompt feedback on performance, attitude and behaviour.
- Managers regularly demand feedback on their management and cooperation.
- Open, honest and constructive feedback deserves recognition.
- We keep our word.



‘Every employee knows where they stand – what is expected of him and also what he can expect from his managers.’

Christoph Schorge
Shareholder & Managing Director EEW Group



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