

THE WORLD IS CHANGING

CORPORATE
RESPONSIBILITY
REPORT 2019

Corporate Responsibility figures 2019

		2019	2018	Change in %
General data				
Revenue	EUR millions	1,100.1	1,084.1	1.5
Adjusted EBITA	EUR millions	144.8	173.2	-16.4
Permanent staff		6,523	6,901	-5.5
Responsible Management				
Number of employees who were trained on compliance topics online		1,233	2,350	-47.5
Share of compliance online training courses completed on schedule	%	96.6	96.5	n/a
Number of discriminations and violations of freedom of association determined by courts		0	0	0.0
Business Solutions				
Number of invention applications		22	32	-31.3
Defective parts	ppm (parts per million)	6	7	-14.3
Number of customer complaints per month	average per month	6	7	-14.3
Share of preferred suppliers who have signed the Supplier Code of Conduct (SCoC)	%	100.0	100.0	0.0
Employees				
Share of manufacturing locations certified according to OHSAS 18001 or ISO 45001 ¹	%	69	74	n/a
Accident rate	accidents / 1,000 employees	4.3	7.8	-45.5
Average training hours per employee	h	28.1	23.9	17.8
Share of female employees in permanent staff	%	35.9	34.8	n/a
Environment				
Share of manufacturing locations certified according to ISO 14001 ¹	%	90.0	93.0	n/a
CO ₂ emissions from Scope 1 and 2 ²	t CO ₂ e	51,374	51,018	0.7
Energy consumption ²	kwh / EUR thousand of revenue	113.6	114.8	-1.1
Water consumption ²	m ³ / EUR thousand of revenue	150.1	141.1	6.4
Hazardous waste ²	kg / EUR thousand of revenue	0.5	n/a	n/a
Non-hazardous waste ³	kg / EUR thousand of revenue	8.3	n/a	n/a
Community				
Number of participants in NORMA Help Day		> 700	> 700	n/a

1_The calculation considers only those locations that had been integrated for more than 12 months into NORMA Group as of December 31, 2019.

2_Figures do not include locations of Kimplas Piping Systems Ltd., NORMA Manufacturing NA SW, LLC and Statek Stanzereitechnik GmbH.

3_Figures do not include locations of Kimplas Piping Systems Ltd., National Diversified Sales Ltd. (NDS), NORMA Manufacturing NA SW, LLC and Statek Stanzereitechnik GmbH.

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Introduction

NORMA Group

NORMA Group is an international market and technology leader in engineered joining technology (joining, connecting and fluid handling technology) and offers more than 40,000 high-quality products and solutions to around 10,000 customers in more than 100 countries.

NORMA Group's joining products are used in various industries and can be found in vehicles, ships, trains, aircraft, domestic appliances, engines and plumbing systems as well as in applications for the pharmaceutical and biotechnology industry. From its headquarters in Maintal near Frankfurt, Germany, the Company coordinates a global network consisting of 29 production facilities as well as numerous sales and distribution sites across Europe, the Americas, and Asia-Pacific.



THE WORLD IS CHANGING

The world is in the midst of fundamental changes. Climate change requires that decisive action be taken by society, politics and companies. Digitalization and new working models are changing the world of work. Regulatory requirements are constantly increasing. In short: “The world is changing.”

On the following pages, you will learn how NORMA Group is dealing with this change and the associated expectations of the company. At the beginning of each chapter, we address the most current issues in each field of action and show what it means for us to actively assume responsibility.

Foreword [GRI 102-12, 102-14]

Dear Readers,

The world is changing: 2019 marks the end of the hottest decade since weather records began. New approaches, for example in urban planning and mobility concepts, are transforming local, regional and global markets. Society's discussions are increasingly focusing on how companies should be held responsible for their entire supply chain.

What do these changes mean for NORMA Group? How do we take our corporate responsibility to shape the change towards a sustainable society? How do we deal with increasing environmental influences, stricter regulatory requirements and changing market conditions?

Our answer is that we combine economic and ecological aspects in our business activities. The Water Management area, for example, not only represents an attractive, growing market for us; our products also help our customers to adapt to changing climate conditions, such as an increasing number of extreme weather events. Last, but not least, these products are made to a large extent from recycled materials.

Last year, we continued to further develop the measures in our five fields of Corporate Responsibility. For example, we quantified environmental impacts in our supply chain for the first time and incorporated them into our purchasing strategy for various product groups. In the area of quality, we reached an important milestone by having our water business in the US certified. At the same time, we have driven certification of our Compliance organization and increased the number of training hours per employee.

It is important to us that we establish Corporate Responsibility at all levels within the Company. One example of this is the sustainability component, which we have integrated into the loan agreement on refinancing NORMA Group. The loan agreement is linked to a sustainability rating. If we improve our rating, the terms and conditions of the loan will also improve.

Our commitment to the ten principles of the UN Global Compact in the fields of human rights, labor, the environment and anti-corruption forms the basis for our measures in the various areas of Corporate Responsibility. The efforts and commitment of our employees are crucial for successful implementation – we would like to express our sincere appreciation to them!

We present the status of our Corporate Responsibility activities in this report. We look forward to interacting with you and helping to shape NORMA Group's path in a changing world!

Sincerely,



Dr. Michael Schneider
Chief Executive Officer (CEO)



Dr. Friedrich Klein
Chief Operating Officer (COO)

NORMA Group at a Glance

Business Model

[GRI 102-7, 103-1]

NORMA Group is an international market and technology leader in the area of advanced and standardized connecting technology. With its 29 production sites and numerous sales offices, the Group has a global network with which it supplies more than 10,000 customers in more than 100 countries. NORMA Group's product portfolio includes more than 40,000 high-quality joining products and solutions in the following three product categories: water management (WATER), fluid systems and connectors (FLUID) and clamps and joining elements (FASTEN). The products NORMA Group offers are used across industries in a wide range of applications, whereby the product specifications differ depending on the application and customer requirements.

High customer satisfaction forms the foundation of NORMA Group's continued success. The main factors here are the customized system solutions, the global availability of products in consistently high quality, delivery reliability and a strong brand image.

Product portfolio and applications

[GRI 102-2, 102-6]

The products that NORMA Group offers can for the most part technologically be divided into the three product categories water management (WATER), fluid systems and connectors (FLUID) and clamps and joining elements (FASTEN). These functions have been established globally and cross-regionally in fiscal year 2019 to improve supra-regional collaboration.

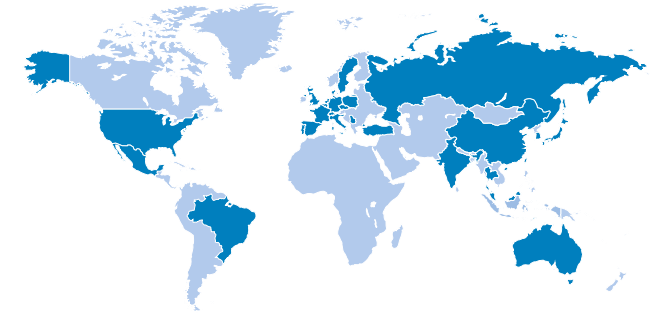
The WATER product portfolio includes solutions for applications in the sectors of storm water management and landscape irrigation, but also joining components for infrastructure solutions in the area of water.

FLUID products are single or multiple layer thermoplastic plug-in connectors and fluid systems that reduce installation times, ensure reliable flow of liquids or gases and occasionally replace conventional products such as elastomer hoses. NORMA Group's fluid products are used in thermal management systems in hybrid and electric vehicles, among other applications.

The FASTEN product group includes a wide range of clamp products and connecting elements that are made from standard or stainless steel and are mainly used to clamp and seal hoses as well as to connect and to fix metal and thermoplastic pipes.

NORMA Group worldwide

[GRI 102-4]



	M ¹	D ²		M ¹	D ²
EMEA			Americas		
Germany	■	■	Brazil	■	■
France	■	■	Mexico	■	■
Italy		■	United States	■	■
Netherlands		■			
Poland	■	■	Asia-Pacific		
Portugal	■	■	Australia		■
Russia		■	China	■	■
Sweden	■	■	India	■	■
Switzerland	■	■	Japan		■
Serbia	■		Malaysia	■	■
Spain		■	Singapore		■
Czech Republic	■		South Korea		■
Turkey		■	Thailand		■
United Kingdom	■	■			

1_Manufacturing sites
2_Sales and distribution sites

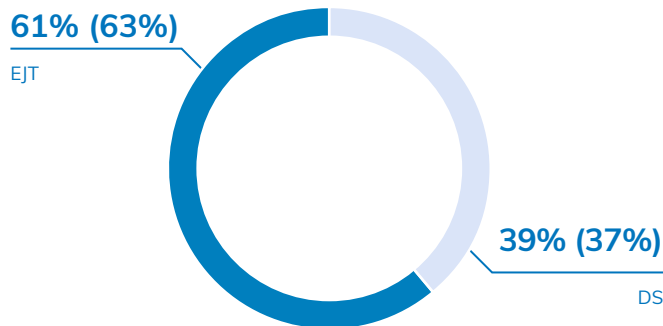
Information reviewed by PwC, which together forms the separate non-financial Group report, is marked with a vertical dotted line next to the respective text.

Market and competitive environment

NORMA Group's advanced engineered joining technology is used in all applications in which pipelines, tubes and other systems need to be connected together. Because joining technology plays a role in nearly all industries, NORMA Group serves many different end markets. Besides the automotive, commercial vehicle, and aviation industry, NORMA Group is also active in the construction and mechanical engineering industry, the pharmaceutical and biotechnology fields, agriculture and the drinking water supply and irrigation industry as well as in other sectors. → [ANNUAL REPORT, P. 47](#)

With its products, NORMA Group provides solutions for numerous industrial applications. Its expertise covers thermoplastic materials (WATER and FLUID) as well as metal-based connection solutions and products (FASTEN). Thanks to the unique combination of expertise in both metal and plastics processing and the broad diversification of its product portfolio, NORMA Group can offer its customers a wide range of solutions to different problems from a single source and thus distinguishes itself from its competitors who mainly specialize in individual product segments.

Sales by distribution channel¹



¹ Previous year's figures in brackets.

Two complementary distribution channels

NORMA Group supplies its customers via two different sales channels,

Engineered Joining Technology – EJT and Distribution Services – DS.

The two distribution channels differ in terms of the degree of specification of the products while having intersections in production and development that enable cost benefits and ensure the highest quality standards.

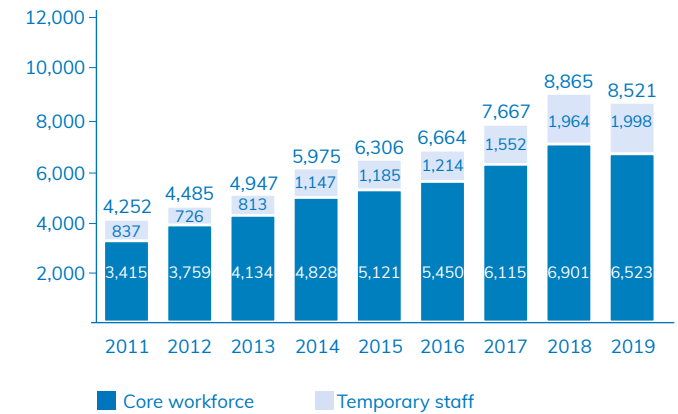
The area of **EJT** includes sophisticated, individually customized joining technology and is particularly characterized by close development partnerships with OEMs (original equipment manufacturers). Via its **Distribution Services (DS)**, NORMA Group markets a broad range of high-quality, standardized brand products. In addition to its own global distribution network, the Company also relies on multipliers such as sales representatives, retailers and importers. You will find further information on our distribution channels in the Annual Report. → [ANNUAL REPORT, P. 47](#)

Organizational and legal structure

[GRI 102-1, 102-3, 102-5, 102-7, 102-8, 102-10, 102-45]

8,521 employees worked for NORMA Group at the end of 2019, of whom 1,998 were temporary staff. NORMA Group SE is the parent company of NORMA Group. It has its headquarters in Maintal near Frankfurt / Main, Germany. NORMA Group SE serves as the formal legal holding of the Group. It is responsible for the strategic management of business activities. As of December 31, 2019, NORMA Group SE holds shares in 51 companies that belong to NORMA Group either directly or indirectly and are fully consolidated. In fiscal year 2019, there were no changes of the legal structure of the Group. Further information, e.g. regarding

Personnel development at NORMA Group

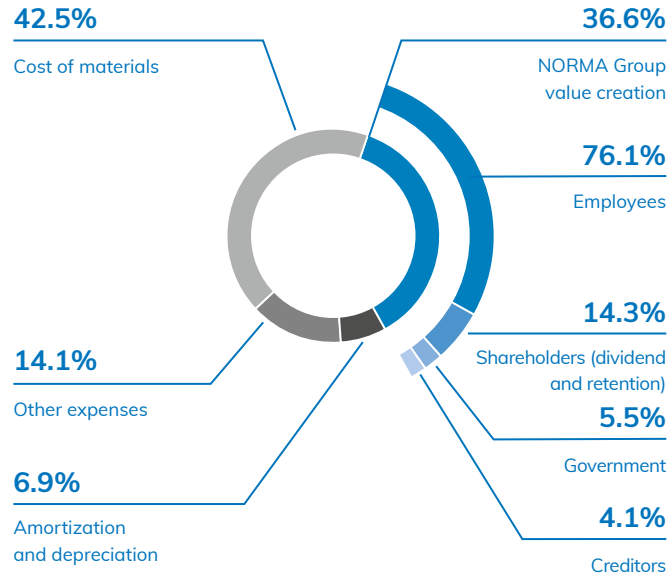


the structure of our Group-wide central management responsibilities, can be found in the Annual Report. → [ANNUAL REPORT, P. 46](#)

Operative segmentation by regions

NORMA Group's strategy is based, among other considerations, on regional growth targets. In order to achieve these, the operative business is managed by the three regional segments: EMEA, the Americas and Asia-Pacific. All three regions have networked regional and cross-company organizations with different functions. The internal Group reporting and control system that Management uses is also therefore quite regional in nature. Distribution Services is based on regional and local priorities.

NORMA Group value creation [GRI 201-1]



Group management

[GRI 102-18, 102-19, 102-23]

NORMA Group SE has a dual management system that consists of a Management Board and a Supervisory Board. The Management Board manages the Company under its own responsibility, while the Supervisory Board advises and monitors the Management Board. Detailed information on the composition of the Management Board and Supervisory Board as well as the allocation of responsibilities can be found in the Corporate Governance Report. → [ANNUAL REPORT, P. 37](#) Information on compensation structures can be found in the Remuneration Report for the Management and Supervisory Boards. → [ANNUAL REPORT, P. 102](#)



2

CR Strategy

**How does
NORMA Group
contribute to the
Sustainable
Development Goals?**

We focus on material areas of action that we manage with our CR Roadmap.

NORMA Group defined its sustainability targets in its CR Roadmap. In many different areas, the Roadmap is in line with the United Nation's Sustainable Development Goals. The following issues are particularly relevant for NORMA Group:



Goal 4 – Quality Education: Through measures in the area of training and development, NORMA Group enables its employees to constantly advance their career and personal development.

→ [TRAINING AND DEVELOPMENT](#)



Goal 6 – Clean Water and Sanitation: The → [PRODUCTS](#) NORMA Group offers globally make a contribution to the efficient use of water. Water consumption is also to be reduced in NORMA Group's → [PRODUCTION](#) processes. Furthermore, with its social project → [NORMA CLEAN WATER](#), NORMA Group sets a strong example for awareness-raising regarding water management in emerging and developing countries.



Goal 8 – Decent Work and Economic Growth: NORMA Group pursues ambitious growth targets. At the same time, → [FAIR PAY](#) and the → [HEALTH AND SAFETY](#) of our employees are important components of the CR Roadmap.



Goal 9 – Industry, Innovation and Infrastructure: → [INNOVATIONS](#) form the basis for future growth and for developing environmentally friendly products. For this reason, NORMA Group sets internal incentives for its employees to generate new ideas and has set quantitative targets in this area as well.



Goal 12 – Responsible Consumption and Production: NORMA Group seeks to reduce consumption of → [NATURAL RESOURCES IN PRODUCTION](#) and conducts measures to do so at every plant. Furthermore, we are increasingly taking sustainability criteria into account when → [PURCHASING MATERIALS](#).



Goal 13 – Climate Action: NORMA Group's environmental strategy focuses on consistently → [REDUCING GREENHOUSE GASES](#). This applies to both our own production sites as well as the entire value chain.

In addition, NORMA Group also contributes to the implementation of other objectives (such as "**Goal 3 – Good Health and Well-Being**" as part of occupational health and safety measures or "**Goal 11 – Sustainable Cities and Communities**" through products in the area of infrastructure and water management).

The United Nations Sustainable Development Goals

The Sustainable Development Goals (SDGs) were adopted by the United Nations General Assembly in 2015. The goals encompass economic, ecological and social issues, and each consists of individual indicators that make implementation measurable.

The target date for implementing the goals is 2030. The primary addressees are the signatories, i.e. all nation states. However, the participation of other players, especially companies and civil society, is crucial for the implementation of the goals. In the areas covered by the CR Roadmap, NORMA Group can make a contribution to achieving these goals.

Further information on the Sustainable Development Goals can be found under [SUSTAINABLEDEVELOPMENT.UN.ORG](https://www.un.org/sustainabledevelopment/)

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CR Strategy

Management of CR

NORMA Group has systematically implemented Corporate Responsibility (CR) since 2012. The goal is to act in a responsible, sustainable and lawful manner in all areas of the Company. To ensure that NORMA Group as a whole remains oriented toward this goal, CR was integrated as a core element of our corporate strategy.

The Group-wide [CR POLICY](#) defines our basic understanding of responsibility as a Company. It covers five key areas of action: responsible management, business solutions, employees, environment and community. The policy describes our strategic approach with the aim of coordinating NORMA Group's responsibility in a structured way and further developing it in a targeted manner. In its CR Policy, NORMA Group also reaffirms its commitment to the UN Global Compact and the United Nations' Sustainable Development Goals (see explanation on previous page).

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NORMA Group's approach to Corporate Responsibility

For us, Corporate Responsibility means reconciling the impact of our business with the needs of society. This is done by following regulatory requirements and integrating social and environmental aspects into the corporate strategy and processes. Our products already make a valuable contribution to a more sustainable society by helping to reduce the negative effects of global challenges such as resource scarcity and climate change. Our CR strategy forms the basis of responsible actions and transparent business practices.

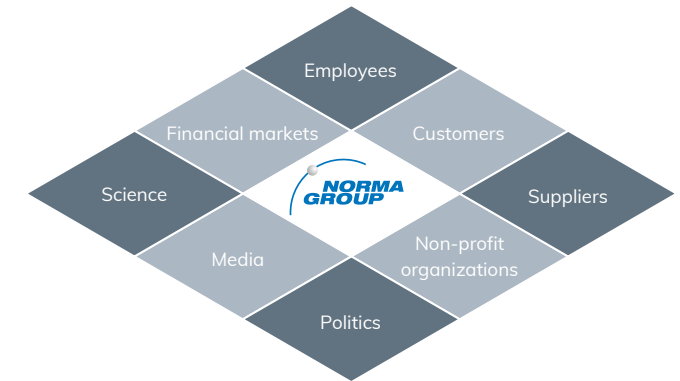
In order to strategically align and further develop our CR measures, we set up the CR Roadmap, which includes specific objectives for each area of action. → [CR ROADMAP 2020](#) The respective departments are responsible for defining and implementing measures to achieve these CR objectives. Guidelines and management approaches are developed for the material CR topics. These can then be implemented reliably and standardized internationally. The Group-wide approaches are complemented by nationally adapted, decentralized measures. To what extent CR topics are managed and implemented Group-wide or decentralized depends on how the respective CR objectives can be achieved as effectively as possible.

Steering Committee develops strategic orientation of CR

[GRI 102-18, 102-20]

Cross-departmental and multi-site coordination is important and necessary for institutionalizing CR throughout NORMA Group. Therefore, the Corporate Responsibility Steering Committee is an inherent part of NORMA Group's CR management. The CR Steering Committee comprises both the Management Board and all relevant functions at Group level. It includes the heads of purchasing, quality, environment, health and safety (EHS), human resources, investor relations, communications, legal and compliance.

Key stakeholders of NORMA Group [GRI 102-40]



The CR Steering Committee's most important task is to further develop NORMA Group's strategic CR management. In addition, the Committee also assesses cross-departmental coordination and the status of the achievement of objectives related to key CR tasks. Last year, the CR Steering Committee met two times. Between the meetings, the Corporate Responsibility Officers manage departmental coordination, reporting directly to NORMA Group's responsible member of the Management Board. → [ANNUAL REPORT, P. 38](#)

Stakeholders and Materiality

Close exchange with stakeholders

[GRI 102-21, 102-43, 102-44]

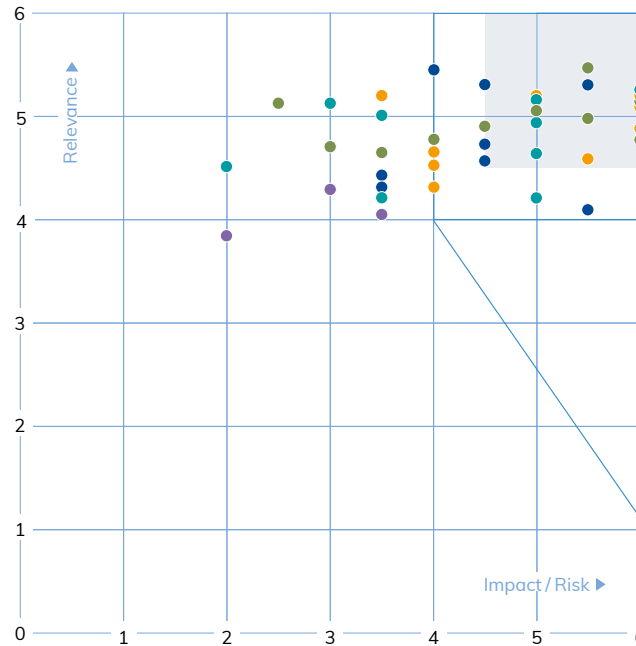
NORMA Group sees itself as a transparent and open company. We specifically and proactively seek exchange with our internal and external stakeholders. This enables us to effectively implement the continuous improvement that applies to all processes at NORMA Group, including in the area of Corporate Responsibility. We consider it part of our responsible corporate governance that stakeholders' interests and the impact of our own business activities on stakeholders be reflected in our key decisions. Particularly in the strategic direction of the Company, we value an open and appreciative approach to stakeholder expectations.

The Stakeholder Roundtable, which has taken place on an annual basis since 2015, is an important event for NORMA Group to actively exchange with its stakeholders on CR issues. The focus of the event has always been on sustainability topics that have a strategic relevance to NORMA Group (see table). Last year, NORMA Group invited stakeholders to discuss diversity management and employer branding. → [DIVERSITY AND EQUAL OPPORTUNITY](#)

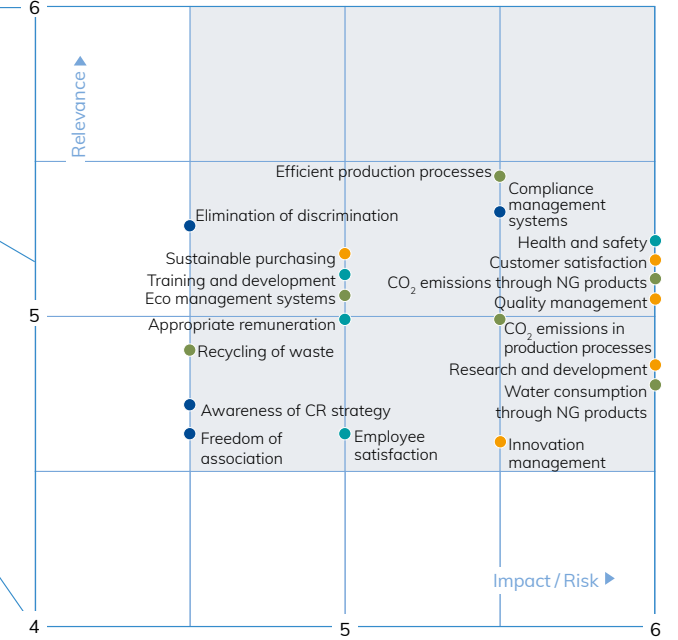
Topics of Stakeholder Roundtables

Year	Topic
2015	NORMA Group's CR strategy
2016	Sustainability in the supply chain
2017	E-mobility
2018	NORMA Group's environmental strategy
2019	Diversity management and employer branding

Materiality matrix



Material CR topics [GRI 102-47]



Materiality analysis defines scope of CR activities

[GRI 102-15, 102-42, 102-46, 102-49]

NORMA Group has defined the most important social, ecological and economic sustainability topics in its materiality analysis. The methodology was based on the recommendations of the Global Reporting Initiative (GRI): We first put together a comprehensive list of CR issues based on topics that were considered to be material in the previous analysis conducted in 2015 as well as relevant standards and guidelines such as the Global Reporting Initiative (GRI), the Sustainable Development Goals (SDGs) and the CSR Directive Implementation Act (CSR-RUG). Issues were then aggregated, and a total of 40 topics were identified. These

were assigned to NORMA Group's five key areas of action. Impact and relevance assessments were then conducted on each of the 40 individual topics.

Internal and external stakeholders provided information on how important certain sustainability issues are to them in the assessment of NORMA Group (relevance axis). In addition, various workshops were held with NORMA Group experts to assess the extent to which NORMA Group's business is influencing the various topics and the resulting risks for NORMA Group (impact-risk axis). The latter was based on so-called gross risks, i.e. risks with which NORMA Group is confronted if no suitable countermeasures are

implemented. The results of the materiality analysis were aggregated and then prioritized (see chart).

The materiality analysis was carried out in 2017. In the reporting year, all members of the CR Steering Committee were asked again about newly emerging material topics. The analysis showed that the topics defined in 2017 are still valid and continue to set the framework for NORMA Group's CR management. The main topics of each area of action are presented in graphic detail at the beginning of each chapter of this report.

In 2020, NORMA Group's materiality assessment shall be revised and updated comprehensively, taking into account the feedback from internal and external stakeholders.

CR Roadmap 2020

CR Roadmap as strategic steering instrument

[GRI 102-44]

Based on the topics identified as being material, NORMA Group formulates quantitative targets in its CR Roadmap. By integrating the findings of the materiality analysis into the CR Roadmap, we ensure that our targets are also oriented towards stakeholders' expectations.

The CR Roadmap reflects the high ambitions for Corporate Responsibility that NORMA Group pursues and at the same time sets objectively measurable targets. The Roadmap is therefore also a performance indicator for us in Corporate Responsibility: our progress in the areas covered by the Roadmap is regularly reviewed internally and reported externally.

The status of implementing the CR Roadmap is shown in an overview at the end of each chapter, further details can be found in the respective chapters of this report. A summary of all CR Roadmap targets can be found on NORMA Group's [WEBSITE](#).

Based on an update of the materiality assessment, the CR Roadmap's targets will be updated in 2020 as well.

Core objectives of the CR Roadmap 2020

Core objectives 2020

Target Values 2020

Responsible Management

NORMA Group is to be perceived as a responsible Company in terms of all of its operations.

Consistently good to excellent reviews on our activities and measures that pertain to responsible management within our Group in surveys and ratings.



Business Solutions

NORMA Group will improve and strengthen its market position, taking sustainable business practices and relationships into account.

Sustained and continuous growth in all business fields of relevance to NORMA Group.



Employees

NORMA Group will be viewed as an employer of choice for its employees and will continue to attract, retain and inspire the most talented people to live and to share the Company's values and vision.

Overall employee satisfaction determined in the Employee Satisfaction Survey (ESS) is to be improved (the satisfaction score in the ESS 2017 was at 2.74 on a scale of 1 (very good) to 7 (very poor)).



Environment

NORMA Group will continuously and systematically reduce the negative environmental impact of its production processes.

100% of NORMA Group's global production sites are to be certified according to ISO 14001 by no later than the end of 2018 and then continuously.



Community

NORMA Group will position itself as a responsible partner in the community.

Consistently good to excellent reviews on the community involvement in stakeholder surveys.



Sustainability Ratings and Sustainable Finance

Positive feedback from sustainability ratings

In 2019, NORMA Group again received independent feedback from rating agencies on its performance in the area of Corporate Responsibility. The questions asked to NORMA Group in this context are based on the most important sustainability indicators from the areas of environment, social affairs and corporate governance. As a rule, the companies surveyed are required to be able to substantiate their responses with documents and certificates. The results of the ratings are primarily used by two stakeholder groups: customers and financial market players.

The feedback received on NORMA Group in 2019 was again positive: the CR measures received consistently good to very good ratings from the rating agencies. As a result, we were once again able to fully achieve the corresponding core objective of the CR Roadmap.

Last year, NORMA Group participated in the CDP data survey, for the first time. The disclosure in the "climate" category was rated with "C", which assigns NORMA Group to the "awareness" level. We consider this a solid basis to continuously improve our rating in the next years.

Detailed information on the results of further ratings can be found in the following table. For NORMA Group, the positive results mean a confirmation of its long-term CR orientation. At the same time, we are using the feedback to continuously develop our organization.

NORMA Group's performance in sustainability ratings

Sustainability ratings	Rating 2019
CDP	<ul style="list-style-type: none"> • Rating: C • Awareness level
EcoVadis	<ul style="list-style-type: none"> • Rating: 78 of 100 • Gold Standard
ISS Oekom	<ul style="list-style-type: none"> • Rating: C+ • Prime Status
MSCI	<ul style="list-style-type: none"> • Rating: AA
Sustainalytics	<ul style="list-style-type: none"> • Risk Score: 21.2 of 100 • Medium Risk

Refinancing integrates the sustainability component

For the first time, NORMA Group set up a loan last year containing a sustainability component to partially refinance its business activities. The sustainability component links the terms of refinancing to NORMA Group's Corporate Responsibility commitment. If NORMA Group can demonstrate that it has improved its sustainability performance, the Company gets access to preferential credit terms.

The evaluation of the Sustainalytics rating agency is the basis for assessing our sustainability performance. The rating assesses NORMA Group holistically in various sustainability categories such as Corporate Governance, Climate Management and Human Rights. NORMA Group's sustainability management is already rated above average compared to the industry. The goal is to further improve the management score.

With a loan term of up to seven years, the integration of the sustainability component in the refinancing is an important step towards integrating sustainability aspects into NORMA Group's core business in the long term. Further information on the refinancing can be found [HERE](#).



3

Responsible Management

There are various global legislative initiatives that aim to better protect whistleblowers. How does NORMA Group handle these developments?

We systematically follow up on all reports from employees and external parties – this has been included in our standards for years.



Current legislative initiatives are aimed at making it easier for whistleblowers to report misconduct and offer them protection against reprisals.

The professional and trustworthy handling of information and the protection of whistleblowers are a matter of course for us – and not just a question of legal requirements.

For this reason, we introduced an electronic whistleblowing system many years ago, through which confidential and, if desired, anonymous messages can be sent to our compliance department. The system is available not only to our employees, but also to external parties. We also offer alternative reporting channels besides the electronic whistleblower system. Regardless of the reporting channel, we treat all reports confidentially.

In the future, our employees will receive even more transparency on the reporting process and further assistance in reporting information through a separate whistleblower guideline. This is because we not only keep an eye on legal initiatives and market standards, but are also continuously developing our → [COMPLIANCE MANAGEMENT SYSTEM](#) to contribute to “secure connections.”

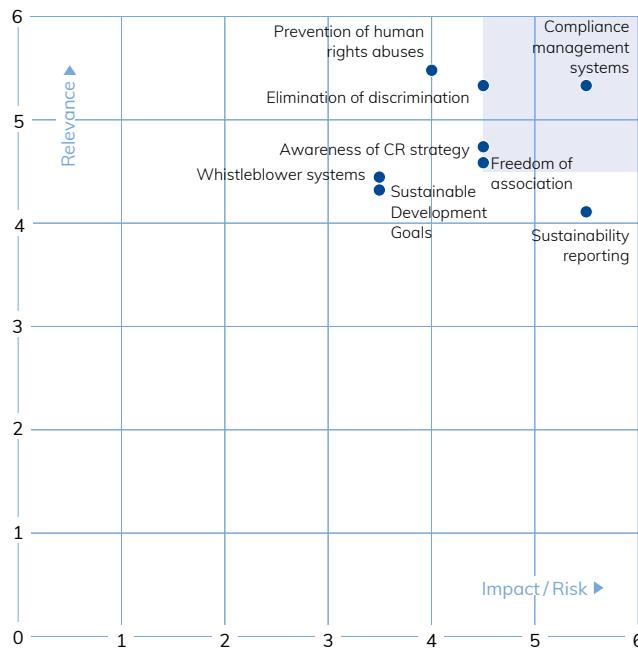
[Would you like to find out how you can report an incident at NORMA Group Group?](#)

Please visit our [COMPLIANCE WEBSITE](#).

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Materiality matrix



Information reviewed by PwC, which together forms the separate non-financial Group report, is marked with a vertical dotted line next to the respective text.

Responsible Management

Strategic Approach

Acting responsibly is our basic principle

Responsibility, honesty and mutual respect – from both the management and our employees and from NORMA Group towards our business partners – shape our corporate culture. We are aware of our responsibility towards employees, customers, suppliers and our social and ecological environment.

NORMA Group expects its managers and employees to not only comply with existing laws and regulations but also to respect important ethical standards. In particular, the compliance guidelines of NORMA Group have groundbreaking character. In order to meet these requirements, we have set up and continuously develop the appropriate systems, including compliance and risk management systems. In particular, the compliance guidelines of NORMA Group have a directing character for the entire Group.

When anchoring responsible action in the Company, it is essential that all employees are aware of the principles and that each individual lives them. NORMA Group therefore continuously implements measures to raise awareness of compliance and sustainability among its employees.

Compliance

Clear understanding of values embedded in globally applicable guidelines

[GRI 102-16, 103-1, 103-2]

Understanding NORMA Group's values forms the basis for all business decisions and activities at our Group. In particular, our global focus makes global implementation and compliance with codes of conduct especially important.

The implementation of compliance-specific frameworks sets rules clearly and transparently. The central compliance guidelines at NORMA Group are

- the ["CODE OF CONDUCT"](#),
- the two policy directives ["CONFLICTS OF INTEREST POLICY"](#) and the ["ANTI-CORRUPTION POLICY"](#) as well as
- the ["SUPPLIER CODE OF CONDUCT."](#)

Requirements on [HUMAN RIGHTS](#) (regarding forced labor, no child labor, freedom of association and anti-discrimination, among others) form an integral part of the compliance guidelines. In 2019, the Compliance guidelines were reviewed and revised regarding actuality and appropriateness. The updated guidelines will become applicable in 2020 and will be communicated accordingly.

Our compliance management system aims to ensure that our values and rules are lived throughout the Group. Concrete steps are determined, implemented and comprehended each year in a Compliance Action Plan.

Group-wide compliance management

[GRI 103-3]

The Management Board of NORMA Group is responsible for an effective compliance management system. The Chief Compliance Officer manages the Group-wide compliance activities and reports directly to the Management Board. → [ANNUAL REPORT P. 38](#) Besides the central compliance department at Group level, Compliance Officers are appointed at the level of the EMEA, Americas and APAC regions as well as in all operationally active individual entities. The Compliance Officers of the individual Group companies are in regular contact with the other local departments and regularly report to the responsible Regional Compliance Officer, who in turn reports to the Chief Compliance Officer.

Any member of NORMA Group's compliance organization can be contacted at any time on any compliance issue. The compliance department is in close communication with the legal department of NORMA Group in order to continuously take into account new or changed legal requirements in the compliance risk analyses and in the compliance program.

The effectiveness of the compliance organization set up by the Management Board is monitored by the Supervisory Board of NORMA Group SE, which is regularly informed about compliance-relevant matters.

In 2019, NORMA Group pushed ahead with preparations to conduct a concept review of the compliance management system. Based on an internal self-assessment, NORMA Group implemented the identified improvement measures. In the course of this, NORMA Group has started to map the relevant part of its compliance-related processes in IT systems. In order to be able to take the associated changes fully into account in the review of the compliance management system, the implementation and completion of the concept review is now scheduled for 2020. Subsequently, specific planning to implement the effectiveness review will be carried out.

Close risk monitoring and control

[GRI 102-11, 205-1]

Based on a rating system that incorporates both internal and external factors (such as Transparency International's Corruption Perception Index), the risk exposure of each individual NORMA Group company is evaluated centrally for possible compliance-relevant risks (compliance risk scoping) by NORMA Group Compliance.

Together with the companies that have a higher risk value according to the rating system, specific compliance risk assessments are carried out on-site, performing a detailed analysis of the specific compliance risks of the company. In addition to the local Compliance Officer, representatives of all relevant departments are included, e.g. finance, purchasing, human resources, production, as well as research and development.

The risks to which NORMA Group is exposed form the basis for determining the compliance program and the corresponding measures. Implementing these measures and adhering to the compliance rules are also regular audit tasks of internal auditing.

NORMA Group's Compliance Management System



Systematic, demand-oriented training of employees

[GRI 205-2]

To ensure the effectiveness of NORMA Group's compliance management system, all employees must be familiar with the relevant legal requirements and internal compliance guidelines. Our goal is that all employees of NORMA Group know our compliance rules as well as the contact persons and reporting channels.

The compliance training that NORMA Group offers serves as the basis for this. It takes place in the form of face-to-face and online training sessions. Depending on the job and responsibility profile of an employee, the training courses to be completed are assigned as needed. During the training, the employees receive concrete support on which behavior is in line with the compliance guidelines and may test their knowledge in practical assessments and case studies.

Training of fundamental relevance must be completed as basic training by every employee of NORMA Group. This includes the online training courses “Code of Conduct & Compliance Basics,” “Information Security” and “Compliance in Purchasing.” Depending on the employee’s job profile, specific focus trainings (including “anti-corruption,” “antitrust,” and “product liability”) must also be completed. In addition, we have developed a concept to refresh the learning content so that the knowledge of employees on essential and basic compliance topics is updated and extended regularly in form of “refresher” courses.

In the past fiscal year, a total of 440 employees (2018: 487) were registered in the online training system for the basic training courses, 514 employees (2018: 242) for the relevant focus training courses, and 1,089 employees for the “refresher” training courses (2018: 2,189).

A total of 1,233 employees received online training on compliance topics (2018: 2,350). The decrease compared to the previous year is due to the fact that 2019’s enrollment took place in the fourth quarter, whereby the processing time extended beyond the end of the year and most of the training was completed at the beginning of 2020.

The above training courses were completed on schedule by 96.6% of registered employees as of the balance sheet date, taking into account the processing time to be applied.

3,278 hours of online compliance training were carried out in fiscal year 2019 in line with previously mentioned criteria (2018: 4,205). The decrease compared to the previous year can – again – be explained by the ongoing processing time for refresher training at the end of the year.

Employees who are unable to participate in online training due to language or technical reasons, especially industrial employees, are trained personally by the local Compliance Officers in face-to-face training sessions.

The need for training is checked regularly. Internal reporting records the status of compliance training. This report is included in the status report on the Compliance Action Plan and is reported to the Management Board on a regular basis.

In 2019, a comprehensive review and revision of the training concept as well as the training contents with regard to topicality, appropriateness and user-friendliness was also conducted. On the basis of this information, updated training courses will be made available in 2020. In this context, the languages offered in the online training will be gradually expanded as well.

Compliance-related topics are also communicated via additional channels such as posters, brochures, Compliance Safety Cards, which summarize key compliance topics in a condensed form, and emails and intranet articles. In addition, the compliance website was substantially revised in 2019 in order to provide internal and external stakeholders with relevant information in an appropriate and appealing way.

Various ways of reporting violations

We encourage our employees to report violations of rules and internal policies, even across hierarchical levels. Besides personally approaching supervisors, the human resources department or Compliance Officers, our [INTERNET-BASED WHISTLEBLOWER SYSTEM](#) is yet another example. It enables anonymous reporting of matters by internal or external whistleblowers. The employees of the compliance organization always follow up on indications of possible compliance violations. Further information on the whistleblower system can be found on [→ PAGE 17](#).

In 2019, work started on a separate whistleblowing guideline, which is intended to provide even more transparency for those who report on the procedure for handling notifications. The guideline will already take into account the requirements of currently foreseeable legal developments and established market standards.

For cases in which the electronic whistleblower system cannot easily be used by our employees for technical or organizational reasons (for example, lack of PC access by employees in production), we offer other suitable reporting channels, such as notice boxes at our plants.

1,233

employees trained in online compliance training courses in 2019.

3,278

hours of online compliance training in total were attended by NORMA Group employees in 2019.

Human Rights

NORMA Group is committed to international human rights

[GRI 103-1, 103-2, 103-3]

NORMA Group categorically rejects the violation and restriction of human rights in any form. We are committed to the Universal Declaration of Human Rights as well as to the core labor standards of the International Labor Organization (ILO).

NORMA Group rejects all forms of forced, compulsory and child labor. In doing so, ILO Conventions numbers 138 and 182 are recognized as the minimum standard for protection against child labor. We are also committed to preventing slavery and human trafficking in our business activities.

Furthermore, we recognize the right of our employees to join unions and to found employee representations. We reject discrimination based on ethnic background, gender, sexual orientation and religion. With this in mind, NORMA Group supports measures to promote diversity within the company. → [DIVERSITY AND EQUAL OPPORTUNITY](#)

Monitoring and awareness-raising measures

[GRI 406-1, 407-1, 408-1; 409-1]

NORMA Group's commitment to human rights is also reflected in its Code of Conduct. In the course of the 2019 revision of the Code of Conduct, a separate section on human rights was added to clarify NORMA Group's position. In addition, NORMA Group has taken the issue of human rights into account in the design of a Group-wide Corporate Responsibility training course, which will be introduced in 2020. All employees are to be informed and sensitized in this manner on topics such as child and forced labor, freedom of association and discrimination.

If employees observe human rights violations, they can report them at any time via the → [COMPLIANCE REPORTING CHANNELS](#). Among other things, the NORMA Group whistleblower system provides them with the category "Violations of social standards and human rights." In the areas of anti-discrimination and freedom of association, NORMA Group also monitors whether its commitment is being met through regular internal reporting of legal disputes. In 2019, there were no cases of discrimination or violations of freedom of association by NORMA Group that were established by the courts.

NORMA Group also takes its responsibilities seriously along the value chain. In the → [SUPPLIER CODE OF CONDUCT](#), we commit our suppliers to respect and comply with human rights. However, due to the size and complexity of the value chain, human rights violations cannot be excluded as a matter of principle. Beyond its direct business partners, NORMA Group has only limited influence on compliance with minimum standards. If we become aware that our business partners are committing or tolerating human rights violations, we will re-evaluate the business relationship and consider terminating the contract in accordance with the requirements of our clients. In the event of violations by employees, we will take measures that may even lead to termination of employment.

Awareness of CR within the Company

Continuous exchange with external stakeholders ensures transparency

Communication is an important component of NORMA Group's corporate responsibility activities. This applies on the one hand to the mutual exchange with external stakeholder groups, which is crucial for our long-term CR orientation. → [STAKEHOLDERS AND MATERIALITY](#) On the other hand, however, communication is also crucial in order to raise awareness of sustainability issues internally and to sensitize employees to these topics. Successfully implemented corporate responsibility measures – whether in the areas of quality, the environment, compliance or many others – depend on the commitment of every single employee. NORMA Group can operate successfully and sustainably only if everyone makes a contribution.

It is therefore NORMA Group's goal to encourage its employees to act sustainably in their daily work. The objectives of the CR Roadmap are communicated to all locations via the departments responsible for the respective CR issues. In addition, we communicate transparently about our corporate goals and the implementation of a wide range of measures in the CR area. To this end, we primarily use internal channels such as the intranet, but also the → [NORMA GROUP BLOG](#) and social media.

Informing and motivating through training and awards

NORMA Group has developed a Corporate Responsibility training course, which will be introduced in 2020. In the course of this online training, employees receive information on the strategic orientation and significance of CR at NORMA Group. In addition, the training course introduces specific topics and uses exercises to illustrate the contribution employees can make in areas such as diversity, human rights, the environment and social commitment. The development of the general CR training was accompanied

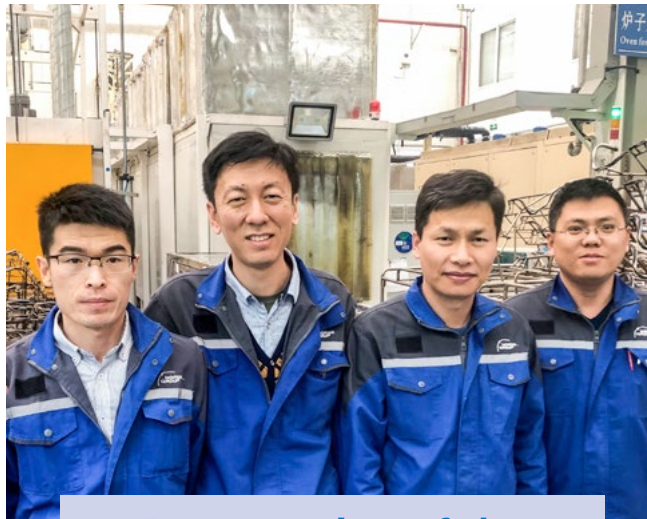
by specialized awareness-raising measures carried out by each specialist department represented in the CR Steering Committee.

At the local level, communication activities are implemented, for example, by environmental protection, occupational safety and local Compliance Officers. Measures such as Diversity Day, NORMA Help Day and the NORMA Clean Water project are intended to shed light on current societal challenges and encourage employees to engage in their own activities. [→ DIVERSITY DAY](#) [→ CORPORATE VOLUNTEERING](#)

The internal CR Award, which was presented for the first time in 2019, is yet another component of motivating employees to commit to sustainability issues. The goal is to recognize special achievements of individual locations or project teams. Initially, the award was presented for projects that have made a special contribution in the area of the environment. The decisive factors here included the extent to which the applicant's projects contributed to the achievement of NORMA Group's environmental goals and whether they can also be applied to other locations or processes. The winner of the CR Award was a project team from Qingdao (see box).

Success of measures is reviewed regularly

Awareness and knowledge of Corporate Responsibility in the company was first addressed in 2017's employee survey. Nearly 80% of our employees agreed that they are familiar with the Corporate Responsibility Policy and NORMA Group's CR objectives. It is our ambition to ensure that all employees are familiar with our CR Policy and its overarching goals. Our goal is to increase CR awareness to at least 85% in the upcoming employee survey.



Presentation of the internal CR Award

NORMA Group presented an internal CR Award in 2019 for the first time. The award was presented for projects that made a special contribution to the environment. The winner was a project from Qingdao. The team had installed a new oven that achieved significant energy savings compared to the previous model and replaced the water-cooling system with air cooling. The water savings are particularly important because Qingdao is located in a region that suffers from great water shortage.

The goal of the CR Award is to further increase awareness of corporate responsibility issues among the workforce and to recognize special achievements.

Outlook

Acting responsibly is a fundamental principle of NORMA Group. This principle must be constantly reviewed, further developed and adapted to the social and business environment in order to be put into practice.

NORMA Group's compliance management is an integral part of the Group's integrated management system. In the interests of long-term effectiveness, the compliance management system is also subject to continuous review and – where necessary – improvement. The external review of concept and effectiveness of NORMA Group's compliance management system underlines the ambition of continuous improvement and the objective to contribute to "secure connections".

In this way, NORMA Group ensures that the processes and procedures of compliance management meet the dynamically evolving requirements, provide employees with constant support and underscore our commitment to responsible action both internally and externally.

In addition, NORMA Group will implement further measures to increase awareness of CR in the Company in 2019. This includes expanding internal reporting and communication as well as the implementation of obligatory online training on Corporate Responsibility.

CR Roadmap 2020: "Responsible Management"

Core objective

NORMA Group is to be perceived as a responsible company in terms of all of its operations.

Target value for 2020

Consistently good to excellent reviews on our activities and measures that pertain to responsible management within our Group in surveys and ratings.

Our goal	Milestone	Date	Status
All employees will know the CR Policy and its overarching objectives.	At least 85% awareness of the CR Policy in the three-year Employee Satisfaction Survey (ESS).	2020	2017: 79.6%
We will receive advice on the orientation of our CR strategy and on the main focuses in the individual fields of action from representatives of external stakeholder groups.	Once a year, a dialogue format with various stakeholder representatives on a CR topic.	Annually	2019: Stakeholder Roundtable on "Diversity Management and Employer Branding"
We will make sure that we employ effective compliance management systems.	Externally conducted concept review of the compliance management system.	2020 ¹	To be conducted in 2020
	Externally conducted effectiveness check.	2021 ¹	To be conducted in 2021
All employees are to be trained on compliance topics in a timely manner in accordance with their needs.	100% of the employees have completed the required compliance training courses within the defined time frames.	Annually	2019: 96.6%
The contact persons and reporting channels for compliance issues defined within NORMA Group will be known to all employees.	100% agreement in the three-year Employee Satisfaction Survey (ESS).	2020	2017: 86.9%
NORMA Group will comply with all international and local laws that protect employees against discrimination.	0 violations determined by courts.	Annually	2019: 0
NORMA Group will adhere to all international and local laws protecting the freedom of association of workers.	0 violations determined by courts.	Annually	2019: 0

¹Dates were adjusted in 2019. Details can be found on → [PAGE 20](#).



4

Business Solutions

A changing world requires new and sustainable solutions. How does NORMA Group intend to develop them?

From development to service: Sustainability plays a role along the entire product life cycle.

Solutions from nature for thermal management in batteries

Pressure loss within the system represents a major challenge for optimal thermal management of a battery: Even with piping systems up to 20 meters long, the fluid must flow evenly at all points.

In order to meet these challenges, NORMA Group draws on existing solutions in nature, such as flow patterns of rivers. In simulations, we transform circular arcs into river-like, distorted arch shapes. In this way, we prevent pressure from being lost at single turns – thus contributing to improved battery performance and vehicle range.

The nature of shark skin has also inspired us to take new approaches. Read more in the NORMA Group [BLOG](#).



We think about sustainability right from the beginning, starting with → [RESEARCH AND DEVELOPMENT](#) that is geared to the megatrends of water scarcity and emissions reduction. We not only carry out structured foresight management in these segments, but also give all employees the opportunity to actively contribute their own ideas. The megatrends also play an important role in evaluating proposed ideas in order to ensure focused business development in the strategically important areas of water management and e-mobility. The ideas flow directly into product development in the form of innovative solutions such as the [EM COMPACT QUICK CONNECTOR](#), which improves thermal management of batteries in electric cars.

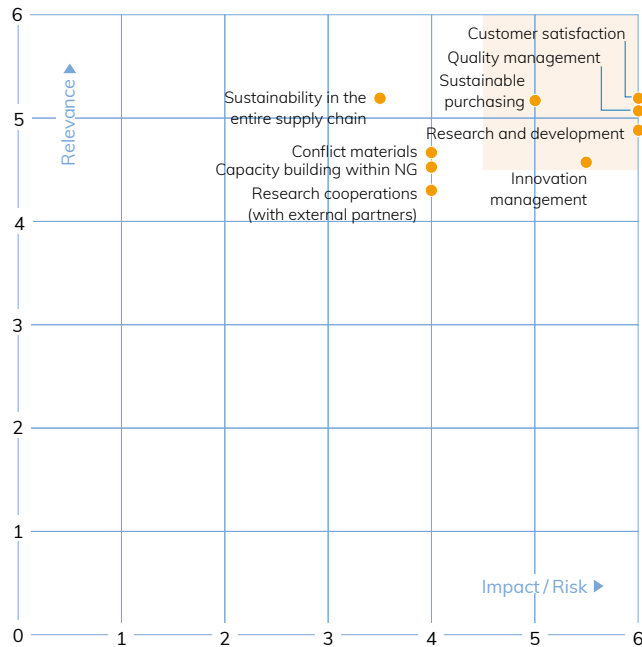
It is important to us that new products meet the highest quality standards in both development and production. For this reason, we carry out comprehensive simulations and tests on the designs before production actually begins. During the production and assembly of the products, we then use comprehensive → [QUALITY MANAGEMENT](#) to ensure that our products perform perfectly.

Last, but not least, the origin of the materials used is of great importance in developing sustainable products. This is why NORMA Group takes sustainability aspects into account when → [PURCHASING MATERIALS](#) by structurally integrating these aspects into the procurement processes.

Content

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Materiality matrix



Information reviewed by PwC, which together forms the separate non-financial Group report, is marked with a vertical dotted line next to the respective text.

Business Solutions

Strategic Approach

Sustainable solutions for our customers

NORMA Group’s product solutions address the increasing challenges posed by global megatrends such as resource scarcity and climate change. The permanent adaptation and further development of our products based on innovations play an essential role, as they have to meet ever increasing demands. These include stricter legal framework conditions and new technical requirements regarding the quality of products. When used in engines, for example, this concerns physical capacity at high pressure and high temperature or resistance to chemical substances.

At the same time, NORMA Group attaches great importance to sustainable supply chain management. Our Corporate Responsibility Policy refers to the entire value chain, including our indirect suppliers. We focus on compliance with human rights and environmental standards. We are continuously expanding our commitment to ensuring appropriate working conditions, for example by means of the Supplier Code of Conduct.

With high-quality products, innovative ideas for new solutions and efficient and sustainable purchasing, we form the basis for our customers’ satisfaction. We regularly review the targets we set in these areas to ensure that we can meet our customers’ needs and continuously improve customer satisfaction.

Innovation

Innovation Roadmap addresses climate change and water scarcity

NORMA Group offers product solutions that help its customers respond to megatrends such as resource scarcity and climate change. NORMA Group’s long-term economic success also depends on whether the Group keeps this promise. If this is not the case, the Company would face medium to long-term risks in terms of its sales development. → [CLIMATE-RELATED RISKS](#)

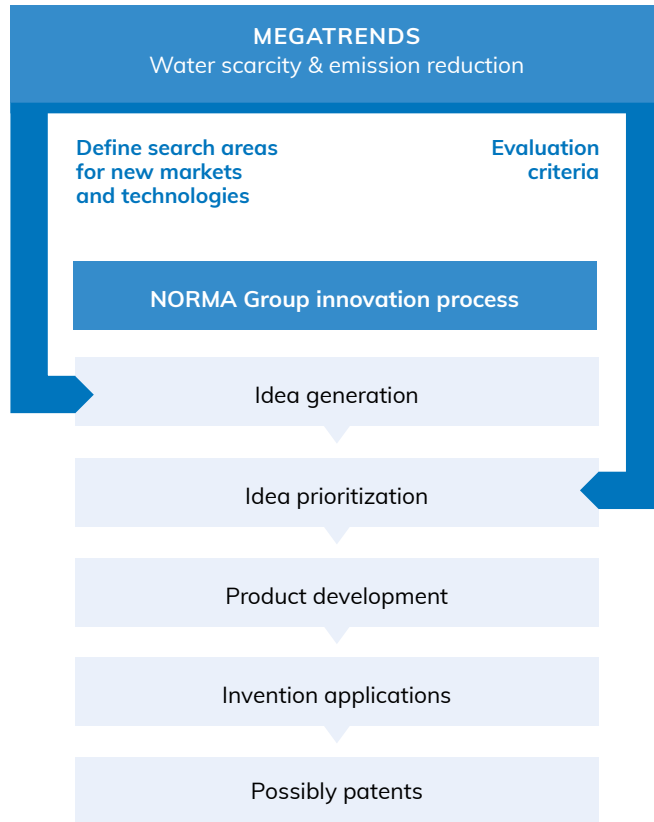
Consequently, the strategic orientation of NORMA Group’s innovation management, the “Innovation Roadmap,” is based on these megatrends and focuses on water scarcity and reducing emissions.

Starting from these long-term trends, [FORESIGHT MANAGEMENT](#) and Business Development derive potential market segments for NORMA Group in the areas of water management, battery cooling or exhaust treatment, for example.

Structured Group-wide idea management

NORMA Group pursues a structured idea management system to find answers to the requirements of the identified market segments. Our Research and Development (R&D) department is responsible for identifying and evaluating innovative technologies. Last year, 345 people (2018: 365) worked in NORMA Group’s product development and R&D worldwide. The expenditure in research and development in the Engineered Joining Technology (EJT) business area amounted to EUR 31.2 million last year, which represents around 4,7% of EJT’s sales. → [ANNUAL REPORT, P. 57](#)

The role of climate change and water scarcity in the innovation process



The development of ideas is not restricted to the Research and Development department, however. They can be contributed by every employee. NORMA Group therefore seeks to create an innovation-friendly climate in which all employees can develop new ideas. With its "Innovation Scouts," NORMA Group offers its employees a platform to share and advance their ideas. The Scouts are represented globally and serve as contact persons and multipliers for employees' ideas. Idea workshops and campaigns as well as "Innovation Summits" on specific fields of development and the cooperation with universities and research institutions are further instruments with which ideas are generated at NORMA Group.

All ideas are first collected, evaluated and then prioritized in a ranking. In order to ensure strategic alignment with the megatrends here as well, these are incorporated into the evaluation of the ideas: The importance for e-mobility and the handling of water scarcity are one of the criteria in the ranking.

The Innovation Excellence Award, which is presented internally, is a further incentive to develop new ideas. This award recognizes process optimizations, higher earnings contributions, better product quality, competitive advantages or greater environmental friendliness, for example. The Management Board decides annually on the best ideas submitted by employees.

Comprehensive simulation and testing of new technologies

Technologies derived from the megatrends are directly incorporated into the development and design of new products. In addition to the usual requirements for sealability and impermeability, the optimal flow of coolant is also relevant today, as is the lightness of materials that contribute to both cost and emission reduction in the automotive sector. NORMA Group uses [NUMERICAL SIMULATION](#), among other methods, to optimize the above-mentioned product properties and extend their durability.

Besides these theoretic-technical analyses, prototypes are subjected to extensive physical tests. These tests ensure consistent performance over the entire product life, with the exact design varying greatly and following individual customer and market requirements.

Measuring the number of invention applications

Internal reporting of inventions, which precedes the external process of a patent application, comes at the end of the research and development process. The number of invention applications within the Company is the key indicator by which we manage and internally evaluate our research activities.

We have set ourselves the goal of achieving at least 20 new invention applications annually. This figure was 22 in 2019 (2018: 32), which again surpassed our target of 20 applications. Both the ideas generated and the invention applications are regularly reported to the Management Board member responsible for R&D.

→ [ANNUAL REPORT, P. 38](#) Information on the number of NORMA Group's patents and patent families can be found in the → [ANNUAL REPORT, P. 56](#)

Quality

Product quality as a key customer promise

The quality of our products is of great importance in all industries relevant to NORMA Group. As joining elements for various individual parts, NORMA Group's products are often critical to proper functioning for our direct customers. Even if only one single element has a leak, this could affect the functioning and the safety of an entire vehicle. The same applies in the area of water management and other industries. That is why we want to guarantee our customers the highest level of reliability with our brands. Quality, customer requirements and added value for society are thus directly linked.

Our product quality is based to some extent on high-quality raw materials. This requires that high quality standards already be adhered to during the first stages of our supply chain. → [SUSTAINABILITY IN PURCHASING](#) However, sub-suppliers can only be indirectly checked for the quality of their products. This stage of value creation is usually outside NORMA Group's direct control. Risks lie in the fact that a lack of quality would directly lead to worsened customer relationships. → [ANNUAL REPORT, P. 97](#)

Certifications confirm the highest quality standards

The aim of our management approach in the area of quality is to permanently meet the quality requirements of our customers. The introduction, certification and continuous implementation of quality management systems is overseen by the quality management organization. At each of NORMA Group's production sites, local managers are responsible for quality management. They report to the regional Quality Managers and Global Quality Management.

All manufacturing sites (with the exception of the recently opened site in Tijuana, Mexico) are currently certified according to ISO 9001, IATF 16949 or EN9100 (for the aerospace industry)

standards. Audit and certification of the Tijuana plant according to IATF 16949 is planned for 2020. We can thus ensure for our customers that we are continuing to meet high quality standards. In addition to the manufacturing sites, we achieved the certification of NORMA Group Holding under the ISO 9001 standard. This helps us to ensure that NORMA Group as a whole, including all administrative functions, complies with high quality standards. The quality standards' extensive requirements also ensure the final products' safety through measures like risk assessments, training, incident assessments and appropriate corrective actions.

In 2019, NORMA Group took further steps to move towards a Group-wide quality management system that connects the existing quality management of our plants. Measures included the setting of standards for manufacturing processes and connecting these standards as well as policies and procedures with the aim of increasing transparency and ensuring unified controls and quality checks. These changes have already led to improvements regarding the sharing of knowledge and best practices, which in turn had a positive impact on quality KPIs.

Considerable improvement of key control parameters

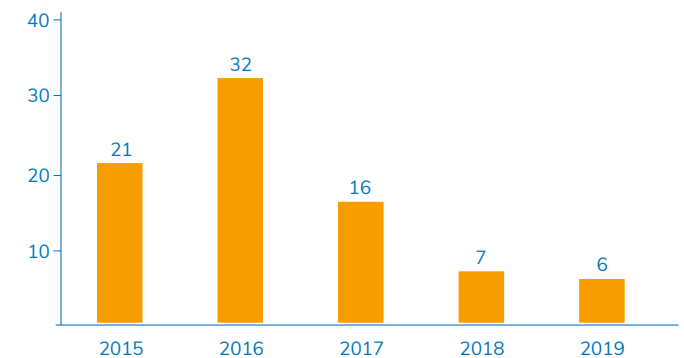
NORMA Group measures the quality of its products and processes using two key control parameters, among others: defective parts rejected by the customer (in parts per million, PPM) and the number of quality-related complaints. Due to the high importance of quality assurance, both key figures are also significant non-financial performance indicators for NORMA Group. → [ANNUAL REPORT, P. 54](#)

The number of defective parts was 6 PPM in 2019 (2018: 7), while the number of quality-related customer complaints per month was 6 (2018: 7). This translates into an improvement of 14.3% in each case.

Both KPIs are reported each month to the Management Board by the Group Quality Manager. Root cause analyses are derived from this at site level, and countermeasures are defined. Progress on the measures is also reported to the Management Board.

We have set ourselves goals for the years to come: by 2020, we want the average number of defective parts in all regions and throughout all product groups to stay well below 20 PPM. The number of monthly quality-related complaints is to stay below eight in the same period.

Defective parts
in parts per million (PPM)



Sustainability in Purchasing

Corporate Responsibility in purchasing

[GRI 102-9, 103-1, 103-2, 103-3]

In 2019, NORMA Group purchased goods and services worth EUR 490.3 million. We ensure that Corporate Responsibility aspects are taken into consideration: We work hard to make contractual relationships with our suppliers that are socially and environmentally compatible and see to it that human rights, labor and environmental standards are adhered to.

The main purpose of the purchasing process is to ensure NORMA Group's high quality standards and to reduce direct costs in order to achieve maximum value for the Company. The purchasing process is subject to risks with regard to the neglect of environmental and social standards in the supply chain. For this reason, we do not take only purely price factors into consideration, but also evaluate quality, logistics and supplier sustainability as a core part of our purchasing processes.

→ [ANNUAL REPORT, P. 76](#)

Managing sustainability in purchasing is the responsibility of the Global Purchasing organization, which reports to the Chief Operations Officer. → [ANNUAL REPORT, P. 38](#) Every team member of the purchasing organization contributes to it in the course of making sourcing and nomination decisions.

Supplier Code of Conduct forms the framework

[GRI 102-16]

We expect from our suppliers to conduct their business in compliance with laws, ethics, respect for human rights, occupational safety and environmental standards.

For these reasons, we have integrated social and ecological sustainability aspects into our purchasing processes and our

organization, and in our purchasing manual, for example, which describes all essential processes and procedures used as a framework for the global organization. The basis for our sustainable supplier relations is our [SUPPLIER CODE OF CONDUCT](#). This globally valid code of conduct outlines our expectations for the sustainable management of our suppliers in the areas of human rights, occupational health and safety, environment and business integrity. With regard to human rights, the Supplier Code of Conduct is based on regulations issued by the International Labour Organization, the Universal Declaration of Human Rights, the UN Global Compact and the standard SA8000.

Our commitment to the Supplier Code of Conduct plays an important role in our regular purchasing processes. Only a supplier who signs the Supplier Code of Conduct can be classified as "preferred" within the commodity group. At the reporting date, these were 22 production material suppliers, which make up around 27.8% of our production material turnover. NORMA Group has introduced signing the Supplier Code of Conduct as mandatory requirement for new suppliers.

Sustainability in commodity management

An important way of supporting sustainability in purchasing was the introduction of a new Commodity Strategy Template. In these strategy documents, we included Sustainability Fact Sheets as an analytical approach to assess sustainability through our supplier base. The Sustainability Fact Sheets include information on suppliers' environmental and health and safety certificates (ISO 14001 and OHSAS 18001 or comparable standards). The fact sheets are in line with NORMA Group's → [ENVIRONMENTAL STRATEGY](#) and focus on the topics climate, water and waste. They quantify each commodity's impact on greenhouse gas emissions and water consumption in the supply chain and show commodity managers direct improvement measures. The majority of all commodity strategies already contains this sustainability information. In the next year, NORMA Group intends to include sustainability fact sheets into all remaining commodity strategies.



Supplier Code of Conduct:

basic understanding of sustainability management in purchasing, signing is a condition to be graded "preferred" supplier



Supplier Scoring:

carried out once a year, environmental and health and safety certificates as well as sustainability self-assessment are criteria in the scoring



Commodity Strategies:

contain sustainability fact sheets that quantify impacts on climate and water and identify improvement potentials



Training:

standard training of all Purchasing employees on sustainability tools in purchasing

Sustainability Self-Assessment for suppliers

[GRI 308-1, 308-2, 414-1]

In order to be able to better assess, compare and manage our suppliers, we use a Group-wide supplier scoring. In addition to the price, numerous other factors are also taken into account, such as quality, cost transparency and logistics services. One of the four pillars of scoring is “sustainability,” in which we include environmental and occupational safety certifications into the scoring.

In 2019, the voluntary sustainability self-assessment again formed part of our supplier scoring. We asked our suppliers for detailed information on social issues (freedom of association, grievance mechanisms and accidents), environmental issues (including CO₂ emissions, water consumption and waste management) and compliance issues. The evaluation of the self-assessment showed that it was completed by 28.7% of the suppliers included in the scoring. This was an increase of 4.6 percentage points compared to last year (2018: 24.1%). In 2020, our goal is to further increase participation in the sustainability self-assessment by at least 5%.

Focus 2019: Quantification of environmental impacts and training

A further focus in 2019 was on quantifying environmental impacts in the supply chain. An estimate of CO₂ emissions and water consumption was made for all direct materials based on an input-output model. The results of this analysis are shown on → [PAGES 47 AND 48](#) (for CO₂ emissions and water consumption respectively).

In addition, the purchasing department conducted several training sessions for its employees in 2019. Besides a workshop held as part of the global purchasing conference, employees received specific training in the use of the instruments described above. On the one hand, these measures serve to anchor sustainability in everyday working life. → [AWARENESS OF CR WITHIN THE COMPANY](#) On the other hand, the specialist expertise of buyers and commodity group managers forms the basis for the further development of CR activities in purchasing.

Excluding conflict minerals from the supply chain whenever possible

NORMA Group also purchases minor amounts of components that contain what are known as “3TG raw materials” – tin, tantalum, tungsten and gold in small quantities. These raw materials are particularly controversial in that a large part of the ore deposits lie in conflict regions (particularly those of the Democratic Republic of Congo), where they are partially mined and processed under serious violations of international law. NORMA Group aims to exclude these “conflict minerals” from its supply chains as far as possible. NORMA Group does not buy these minerals directly. However, they are partially included in components from suppliers. For example, small amounts of gold are used in our urea lines and some components are finished with a coating consisting of tin.

We have therefore launched the “Conflict Minerals Roadmap,” which aims to create maximum transparency within the supplier base. The NORMA Group Purchasing organization commits itself to the principles of the Responsible Minerals Initiative, including the use of due diligence processes provided by the initiative. The due diligence processes are based on the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative, which all relevant suppliers have to fill out. The management of the CMRT is integrated into our Group-wide eSourcing platform.

We trained purchasers at all sites on the importance of the issues of conflict minerals and the potential risk related to the materials coming from suppliers who might be involved. In addition, we ensure that 100% of affected suppliers have signed our Supplier Code of Conduct, which requires them to confirm that they cooperate with conducting due diligence on conflict minerals issues.

We share the information we receive with our customers as transparently as possible. Given the large number of products, suppliers and subcontractors, it is usually not possible with a reasonable amount of effort to make any detailed traceability statements as to which melting operation or mine the raw materials come from for a specific product for a particular customer.

Customer Satisfaction

Staying at the forefront by focusing on customers' needs

Customers are one of the key stakeholders of NORMA Group. → [STAKEHOLDERS AND MATERIALITY](#) Satisfying their needs is the basis of NORMA Group's business success in the short and long terms. Orientation toward customer needs is therefore a top priority in each of our business processes. Through innovative high-quality products and the continuous optimization of our processes, we increase added value for our customers and thus form the foundation for long-term and successful cooperation.

NORMA Group operates in an environment that is changing rapidly – industry standards, regulatory requirements and consumer preferences demand further efforts in areas like emission reduction, space reduction or modularization. To stay at the forefront, NORMA Group cannot rely only on internal data analysis – improvements also require active and close exchange with our customers. It is their needs that define measures in → [QUALITY MANAGEMENT](#), lean management or → [RESEARCH AND DEVELOPMENT](#).

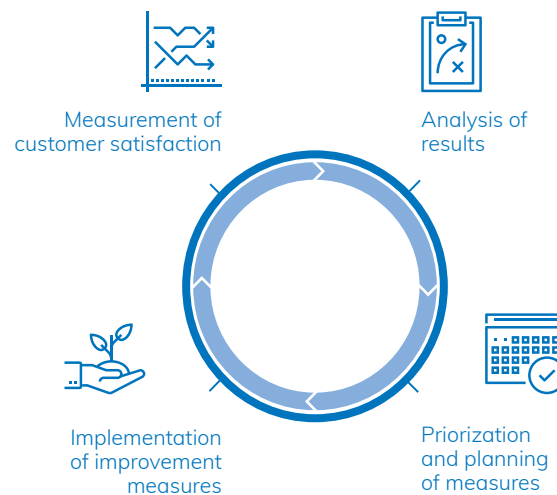
In order to obtain direct feedback on customers' perceptions, NORMA Group's marketing department conducts a Customer Satisfaction Survey (CSS) on a regular basis. The objective of the survey is to identify both areas that already satisfy customers' needs as well as areas for further improvement. The survey is conducted via a quantitative survey among the key customer base.

Results from the 2018 Customer Satisfaction Survey

2018's CSS showed both a decrease compared to previous years regarding the general Customer Satisfaction Index, but also an improvement of the Net Promoter Score, which measures the willingness of customers to recommend NORMA Group as supplier. Focusing on the detailed feedback of the survey, NORMA Group used the results to analyze its strengths and weaknesses. Starting from this strategic approach, concrete measures were developed in 2019 by cross-functional teams to increase satisfaction among customers. The measures range from the development of new websites through internal training and workshops to local projects to improve turnaround time.

Whether the measures taken show an impact on customers' satisfaction will be verified via regular monitoring and in subsequent surveys.

Customer Satisfaction Survey (CSS) at NORMA Group



Outlook

NORMA Group is constantly working to develop new solutions and optimize existing systems to meet the increasing demands of its customers. At the same time, we are continuing our work to integrate sustainability aspects into our business practices and relationships.

We want our product solutions to systematically align with the needs of our customers. We will therefore implement measures to continue improving the results of the Customer Satisfaction Survey. Quality and innovation play a crucial role for our customers. We have set ourselves specific targets accordingly: the number of defective parts are to be well below 20 parts per million (PPM) in the medium term and throughout all product groups, and in the single-digit range in the long term. In addition, we aim to reduce the number of monthly customer complaints to an average of under eight.

In R&D, we have set ourselves the goal of generating more than 20 invention applications each year. In purchasing, we want to improve our sustainability performance by increasing the participation of our suppliers in our Sustainability Self-Assessment, through integrating sustainability fact sheets into all commodity strategies and by training our employees accordingly.

CR Roadmap 2020: "Business Solutions"

Core objective

NORMA Group will improve and strengthen its market position, taking sustainable business practices and relationships into account.

Target value for 2020

Sustained and continuous growth in all business fields of relevance to NORMA Group.

Our goal	Milestone	Date	Status
New control systems and structures on innovative management will increase the number of innovative products and processes on the market.	The number of invention applications exceeds 20 per year.	Annually	2019: 22
Our authenticity together with trustworthy customer relations will contribute to continuous organic and sustainable growth supported by innovations when possible.	Implementation of an updated process to measure customer satisfaction.	2018	Implemented
	Development of a baseline and improve in the following years.	2020	
We will improve the quality of our products to satisfy our customers. The share of defective parts in our production (in PPM per month) will remain in the single-digit range in the long term. In the medium term, this value is to be reduced to under 20 PPM.	We will reduce the share of defective parts to 20 PPM or fewer.	2020	2019: 6
	The number of reported customer complaints will be under 8 per month on an annual average.	2020	2019: 6
We want to procure raw materials, products and services at optimal costs, also taking sustainability aspects into account in selecting our suppliers.	The share of suppliers in the Supplier Scoring process that participate in the "Sustainability Self-Assessment" will increase by 5% every year through 2020.	Annually	2019: 28.7% 2018: 24.1%
We also systematically integrate sustainability aspects when we develop our procurement strategies for our various groups of products.	100% of existing commodity strategies will also include a sustainability fact sheet.	2020	Sustainability Fact Sheets in newly developed commodity strategies
	All team members of Group Purchasing will be trained on Sustainability aspects.	2019	Implemented



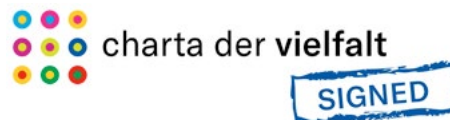
5 Employees



**How does
NORMA Group
intend to promote
diversity within
the Company?**

In dialogue with our stakeholders, we have defined measures to further develop the diversity management strategically.

NORMA Group signed the Diversity Charter back in 2013. Among other things, NORMA Group is committed to fostering an organizational culture that is characterized by mutual respect and appreciation of every single individual.



Each of our 8,521 employees is unique. In 25 countries, they combine their individual life situations with their work at NORMA Group. As a company, we seek to value every person because we are convinced that this leads to better ideas, more innovation, a improved working atmosphere and creates added value for our Company.

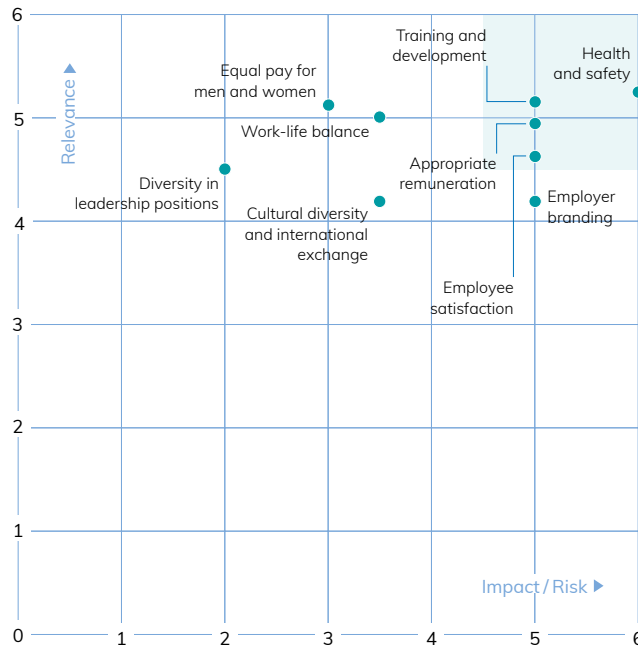
NORMA Group signed the Diversity Charter back in 2013 and has organized a “Diversity Day” at many of its sites with various activities every year. Now, we want to further develop this topic strategically. The starting point for this was the → [STAKEHOLDER ROUNDTABLE](#) on diversity management and employer branding last November. We have set concrete goals: In the coming months, NORMA Group will, among other things, set up systems to measure various dimensions such as age, gender and nationality and integrate the topic of diversity and appreciation into training courses for managers and employees.

The most important thing for us is that the persons and individual life situations of our employees are appreciated. In order to develop the Company further in a structured manner, we will examine this topic in the next Employee Satisfaction Survey.

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Materiality matrix



Information reviewed by PwC, which together forms the separate non-financial Group report, is marked with a vertical dotted line next to the respective text.

Employees

Strategic Approach

Employees make valuable contributions every day

[GRI 102-8, 103-1, 103-2, 103-3]

At the end of December 2019, NORMA Group had 8,521 employees throughout the Group (core workforce including temporary workers), which is 3.9% less than in the previous year (2018: 8,865). The number of temporary workers as of the reporting date was 1,998 (2018: 1,964). This corresponds to a share of the total workforce of around 23%.

Due to its internationality, HR management at NORMA Group is organized locally. This allows sites to take varying local conditions better into account in their daily HR work. On the basis of a firmly embedded employee culture, we implement various measures in occupational health and safety, training and development, remuneration as well as diversity and equal opportunities. The high average satisfaction of our employees confirms our approach. → [EMPLOYEE SATISFACTION](#)

Company culture is the basis for employee satisfaction

Last year, NORMA Group updated and amended its core values to ensure that they reflect the fundamental convictions of the Company. The core values are the compass for our actions and the guiding principles of how we act and work with our business partners. The goal of our employees is to live out these values every day. This includes change readiness, team spirit, open mindset, commitment and reliability, trusted partners, and customer focus.

To bring Company values closer to our new colleagues, we conduct “Living Our Values” training courses in small groups from different divisions during our standardized onboarding program. These make our Company values practically tangible through

various interactive methods and give employees the chance to discuss Company values with one another. Measures for → [OCCUPATIONAL HEALTH AND SAFETY](#), → [EMPLOYEE DEVELOPMENT](#) and → [INNOVATION MANAGEMENT](#) would not be as effective without the appropriate Company culture.

Occupational Health and Safety

The health and safety of our employees is a priority

[GRI 103-1, 103-2, 103-3, 401-2, 403-4]

According to the International Labor Organization (ILO), about 374 million work-related accidents occur worldwide each year. [ILO.ORG](#) For this reason, companies have a particular responsibility with regard to the health and safety of their employees. Accordingly, NORMA Group places top priority on the health and safety of its employees. Regular risk assessments at our production sites identify machinery and vehicle traffic to be the most important factors to control. However, we assess these risks to be minor due to our systematic and Group-wide approach to health and safety management.

Laws and regulatory frameworks are clearly defined standards for occupational health and safety in the Company, but in many cases we go significantly beyond merely meeting requirements. In light of the subject’s importance, it is addressed in our [HEALTH AND SAFETY POLICY](#), which is valid throughout the Group. In the policy, we commit to providing a safe and risk-free working environment for all employees and any other stakeholders affected by our business or actions. With supplementary programs, we want to ensure that all workplaces offer the highest level of safety to avoid accidents. In particular, we make technical arrangements and conduct training courses to prevent accidents at work. Our high standards apply to temporary workers as well as to our regular staff, and we also include health and safety certifications into our supplier scoring process. → [SUSTAINABILITY IN PURCHASING](#)

Certification of all manufacturing sites

[GRI 403-1, 403-2, 403-3]

Throughout NORMA Group, all manufacturing sites have local health and safety representatives, who – along with the respective plant management and safety committees – ensure the implementation of health and safety standards and serve as contacts for questions on the topic. At the end of 2019, 20 of 29 of the production sites that had been part of NORMA Group for more than 12 months were externally audited and certified according to the international standards OHSAS 18001 or ISO 45001. Compared to end of 2018, the absolute number of certified sites stayed the same while the share dropped from 74% to 69% due to newly acquired locations that have not yet been certified.

OHSAS 18001 and ISO 45001 prescribe the conduction of regular assessments on site level to identify risks for the health and safety of workers. On this basis, regular internal audits are carried out in order to identify potential for improvements and to define appropriate measures. Progress resulting from these measures is tracked regularly.

Accident rate as the key performance indicator

[GRI 403-9]

Introducing management systems for work safety is not an end in itself. To control their effectiveness, we monitor the accident rate, which counts the number of accidents per 1,000 employees that result in a loss of work of more than three working days. Our declared goal is to further reduce the accident rate in the coming years. By the end of 2020, we want to improve to a maximum of four notifiable accidents per 1,000 employees per year. → [CR ROADMAP 2020](#) Since 2014, we have already been able to reduce the accident rate. In 2019, the accident rate per 1,000 employees was 4.3, which means a significant decrease compared to 2018 (7.8). As in previous years, there have been no fatalities.

We also monitor the number of medical treatments or accidents that result in a work loss of less than three days (medical treatment rate). In 2019, this was 29.1 treatments per 1,000 employees. This value, too, decreased significantly compared to 2018 (40.9).

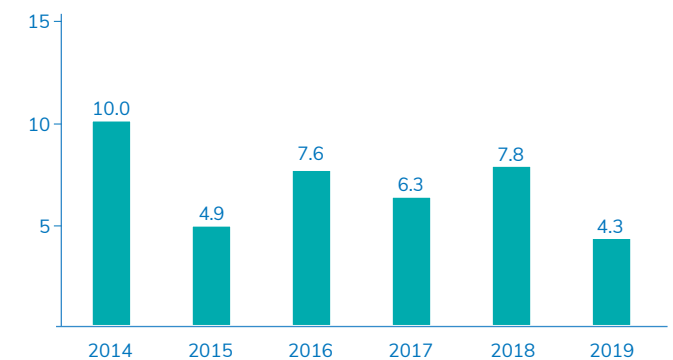
In order to focus on preventive rather than reactive measures, we also monitor the number of “near miss” events, which are occasions where an accident nearly happened but was just avoided. Incidents, medical treatments and near misses are reported to line managers who report it to local health and safety representatives.

Health and safety governance on global, regional and local levels

The success of our health and safety management is assessed by regular reporting from our global Health and Safety Management to the Management Board. Thorough root cause analyses are derived from this at site level, and countermeasures are defined. Progress on the measures is also reported to the Management Board.

In addition, every region has now introduced a regular “Health and Safety Circle” that requires all locations to conduct self-assessments on the current status quo of their health and safety activities in 2019. Participants included the health and safety managers of each location in the respective region as well as the regional and global health and safety management. Usually the circles also invite participants from other regions to increase the sharing of best practices on a global level.

Development of the accident rate in accidents per 1.000 employees



Training and Development

Success factor of our business activity

[GRI 103-1, 103-2, 103-3]

NORMA Group sees itself as a “learning organization,” aspiring to continuously develop. One of the reasons why this is so important is that we operate in a very dynamic environment with constantly changing demands placed on us. Trends such as digitalization, connectivity, flexibility and sustainability are particularly relevant.

The core of NORMA Group’s business model is to adapt quickly and flexibly to changing customer requirements as well as economic and social conditions. Targeted and sustainable training and development of our employees along with harnessing their creative potential in a “learning organization” are our keys to innovation and success.

All sides benefit from continuing education and training

As a responsible employer, we want to offer our employees a demanding environment that includes the opportunity for further development. At the same time, today’s working environment expects skills that can cope with the changes megatrends bring. Training and continuing education thus not only serve NORMA Group as a company, but also the long-term prospects for our employees.

Ensuring employee development through training

[GRI 404-1]

In order to meet our requirements for training and developing our employees, we have firmly rooted the subject in our HR strategy. Among other measures, we founded the global Competence Center Learning and Development in 2016 that is supported at the regional level by learning & development managers and on-site by HR business partners. The goal of this Competence Center is to provide processes and tools to identify, develop and retain the right talent at the right place, at the right time and at an acceptable cost. This comes from NORMA Group’s values as well as our Company and HR vision.

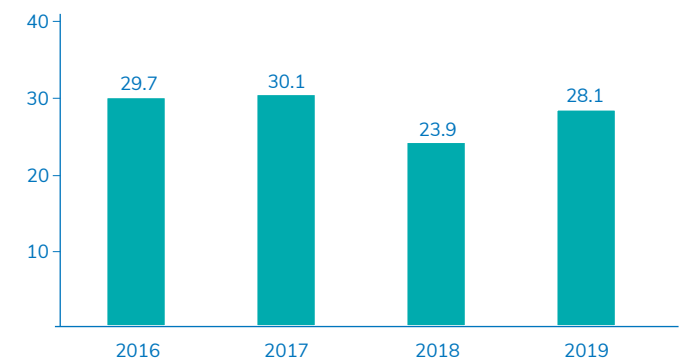
Our goal is to ensure that every NORMA Group employee receives an average of at least 30 hours of training per year. Training includes internal as well as external training courses and workshops, but also so-called “bubble assignments” (see next page). In 2019, that average was at 28.1 hours per employee, which is slightly below the target due to ongoing cost pressure.

Still, the figure shows a significant improvement of 17.8% compared to 2018 (23.9 hours per employee). This is due to the fact that NORMA Group has been continuously building up more internal training capacity in order to meet the demand for continuous, high-quality training for its employees and managers, even in the face of demanding budgets. An important component of this is NORMA Group’s Learning Management System. The aim is to provide employees with an online platform on which standard training courses can be offered, while at the same time enabling them to advance their training in line with their individual needs.

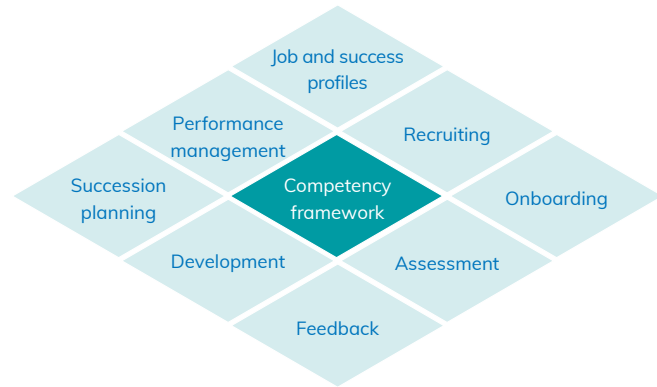
2020 will also see the launch of the global management training program “Leadership-Culture@NORMA,” which is specifically tailored to the needs of NORMA Group and seeks to promote of Group-wide networks. In addition to teaching the theoretical basics, existing knowledge and social skills will be deepened in order to achieve a uniform understanding of leadership within NORMA Group along the lines of its core values. Within the next three years, all executives, top management and shift supervisors in production are to be trained via the global program. In the first half of 2020, for example, all NORMA Group plant managers will participate in a global six-day management training program. Afterwards, the training will be continued in the regions and plants.

We also ensure the effectiveness of our training through regular internal reporting on participation rates and feedback as well as through specific questions in our Employee Satisfaction Surveys (ESS). → [EMPLOYEE SATISFACTION](#)

Development of training hours in hours per employee



Competency model



Targeted acquisition of competencies

[GRI 404-2, 404-3]

Employee training is most effective when it aligns with the demands of the working environment. To ensure this, our approach is principally demand-oriented, based on bottom-up departmental reporting. In addition, the competency model, which was developed specifically for NORMA Group, defines the skills that are important to us, based on numerous workshops and with the participation of employees in all regions.

We systematically integrate the competence model into our global and local HR structures (see chart). For example, managers have been trained in how to further develop their employees using the competency model, and methods have been introduced to ensure that the selection of new employees is carried out along the framework of the competencies that are of importance to NORMA Group.

The acquisition of proper competences is also integrated in our Performance Management Process (PMP). The obligatory annual employee appraisals based on this not only include defining a target agreement with management, but also supporting employees in acquiring the necessary skills.

International exchange

[GRI 401-2, 404-2]

For an international Company such as NORMA Group in a globalized world, cross-border exchanges and intercultural skills are crucial for success on both a personal and Company level. → **DIVERSITY AND EQUAL OPPORTUNITY** Our assignment programs offer our employees the opportunity to expand their experiences and skills abroad. Programs generally distinguish between short-term bubble assignments (up to three months) and long-term assignments (more than three months). Skilled employees and managers who participate in these initiatives bring with them specialist knowledge and experience from other places, while at the same time benefiting from the expertise of their local colleagues. Exchanges can take place within a country or internationally between countries and regions.

Appropriate Remuneration and Employee Satisfaction

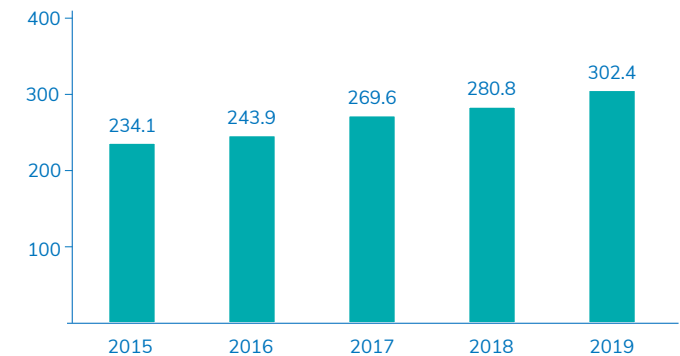
Fair pay for all employees

[GRI 102-41, 103-1, 103-2, 103-3, 401-2]

Our HR policy is based on ensuring that all employees receive competitive and fair pay for their work. At the end of 2019, 46,3% of NORMA Group's permanent staff were covered by collective bargaining agreements.

This usually goes beyond the pay of local statutory or collective minimum wages – these are at best a minimum standard for us. In addition, we set the target in our CR Roadmap to introduce performance- or success-based incentive systems at all sites worldwide. At the end of 2019, we had achieved this goal at 100% of our sites.

Development of personell expenses (adjusted) in EUR million



Employee satisfaction as a important parameter

Occupational health and safety, continuing education and training as well as fair pay – all these aspects serve the satisfaction of our employees. We are convinced that satisfied employees are also more committed in their daily work. For us, measuring employee satisfaction is an “organizational thermometer” for identifying strengths and quickly launching potential for improvement.

NORMA Group carries out a global employee survey regularly. All permanent employees working for NORMA Group at the end of 2016 were able to take part in the 2017 survey. The majority of respondents said that they were satisfied or very satisfied with their work situation at NORMA Group. Average satisfaction was at 2.74 on a range from 1 (very satisfied) to 7 (very dissatisfied).

Diversity and Equal Opportunity

Diversity pays off

[GRI 102-12, 103-1, 103-2, 103-3]

Studies show that companies that value diversity are more successful than those with largely homogeneous teams. As an international Company with sites and representative offices in 25 countries, NORMA Group is already structurally characterized by a high degree of diversity. By signing the [DIVERSITY CHARTER](#), NORMA Group commits itself to ensuring that all employees are valued – regardless of gender, nationality, ethnicity, religion or belief, disability, age, sexual orientation or identity.

NORMA Group will strategically develop its diversity management in the future. As a starting point for this development, we again held a Stakeholder Roundtable last year under the motto “Diversity Management and Employer Branding” (see box).

As a result of the Roundtable, NORMA Group will implement concrete measures to further develop its diversity management



Exchange on diversity management and employer branding

Last year, NORMA Group organized a Stakeholder Roundtable on “Diversity Management and Employer Branding.” Besides its own employees, NORMA Group also invited representatives from the worlds of business, science, politics and society to participate in the discussion. The participants first expressed their expectations: active promotion of equal opportunities, respectful treatment of all employees and credible and binding action by the company.

The groups then discussed measures, objectives and communication channels and how to use diversity in the company. NORMA Group uses the insights gained in this process to integrate them into the strategic development of its diversity management.

in the coming year. These include, among other things, setting up systems to measure the various diversity dimensions in the workforce and sensitizing employees and managers to unconscious bias by means of online and face-to-face training.

Another measure resulting from the Stakeholder Roundtable is the adaptation of NORMA Group’s Diversity Mission Statement. On the one hand, the mission statement now defines the drivers for diversity at NORMA Group (market proximity, innovation and employee satisfaction) and sharpens the focus on appreciation and equal opportunities within the company.

To coordinate diversity management, we have appointed diversity officers at the Group and regional levels. Every year, we celebrate our commitment to diversity at NORMA Group on our Diversity Day. In the past year, activities were again carried out at numerous locations around the world to sensitize our employees to the topic of diversity and to drive it forward.

Equal treatment for men and women

[GRI 405-1]

Men and women have the same opportunities at NORMA Group, also with respect to assignment of management positions. We actively oppose discrimination and take for granted that women and men should be paid the same amount for the same jobs and qualifications. The proportion of women depends on the proportion of women who are available through the job market and who have the necessary qualifications. Accordingly, it varies worldwide between sites. At the end of 2019, the proportion of women in the total core workforce was 35.9% (2018: 34.8%). NORMA Group’s Supervisory Board currently has two female members, which equates to a share of 33%. → [ANNUAL REPORT, P. 42](#)

Outlook

We want to remain an attractive employer for our employees in the future. Accordingly, our primary goal is to further improve the satisfaction of our employees. We will continue to invest in occupational safety and health at work. To ensure the effectiveness of occupational safety measures, all production sites are to be certified in accordance with the OHSAS 18001 standard or the succeeding standard ISO 45001. We have also set ourselves the goal of reducing the accident rate per 1,000 employees to less than four per year. In continuing training and development, we aim to have our employees attend at least 30 hours of training per year.

CR Roadmap 2020: "Employees"

Core objective

NORMA Group will be viewed as an employer of choice for its employees and will continue to attract, retain and inspire the most talented people to live and to share the Company's values and vision.

Target value for 2020

Overall employee satisfaction determined in the Employee Satisfaction Survey (ESS) is to be improved (the satisfaction score in the ESS 2017 was at 2.74 on a scale of 1 (very good) to 7 (very poor)).

Our goal	Milestone	Date	Status
As a responsible Company, we will invest in a safe and efficient working environment and working conditions that protect the health of our employees and maintain their well-being. None of our employees shall have a work-related accident.	100% of the production sites ¹ are to be certified according to OHSAS 18001 (or its successor ISO 45001).	2020	2019: 69%
	Our accident rate (per 1,000 employees) will be under 4 per year.	2020	2019: 4.3
As a "learning organization," we will ensure our continuous development.	An average of at least 30 training hours per year and employee.	Annually	2019: 28.1 hours
We will see to it that systems for ensuring appropriate remuneration are used at all of our sites.	Performance-oriented incentive systems to be in place at all sites ¹ .	2020	2019: 100%

¹With a transition period of 12 months for newly integrated sites.



6

Environment

How does
NORMA Group
manage the
opportunities and
risks of climate
change?

Climate change mitigation and adaption are essential parts of our business strategy.

Products such as the “EZ-Drain” French drain support our customers during heavy rain and other extreme weather events that occur more frequently due to a changing climate.



Ongoing climate change requires a consistent reduction of further greenhouse gas emissions on the one hand and adaptation to the consequences of global warming on the other. NORMA Group sees opportunities to make a contribution to both challenges with the help of its wide-ranging expertise. For example, the growing e-mobility market is making a major contribution to reducing emissions. NORMA Group is driving this development with its innovative systems for thermal management of batteries and exploiting the potential of this growing business area.

Among the already noticeable consequences of climate change, there is an increase in extreme weather events such as seasonal heavy rainfall or water shortages. Households, companies, cities and municipalities must adapt to this. They are supported by the growing NORMA Group product portfolio in the field of water management.

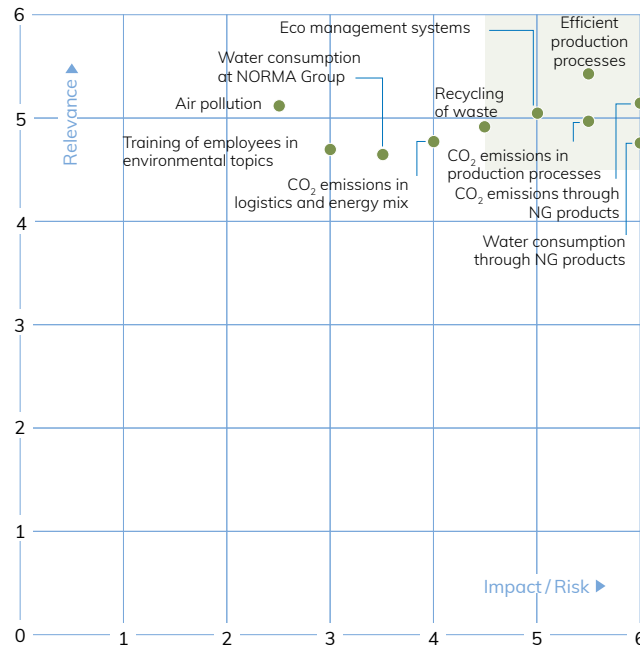
At the same time, changes always go hand in hand with risks. NORMA Group sees long-term risks in a potential increase in the cost of production processes through the pricing of greenhouse gases or possible business downturns in the automotive sector with conventional powertrains, for example.

An overview of the opportunities and risks within the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) can be found in the NORMA Group's public [CDP REPORT](#).

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Materiality matrix



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Environment

Strategic Approach

NORMA Group's environmental strategy

Megatrends such as resource scarcity and climate change are fundamentally and lastingly transforming the world. NORMA Group is aware of its responsibility in this respect because our products and services directly influence the challenges that arise for customers, society and our Company itself from these megatrends. Our products particularly contribute to greater energy efficiency, reduced emissions and more efficient use of water.

In order to further structure and enforce our efforts in these areas, we developed a comprehensive environmental strategy in 2018. In developing the strategy, 2018's Stakeholder Roundtable was an important milestone as it helped to validate our approach and provide new impulses which were subsequently integrated. → [STAKEHOLDERS AND MATERIALITY](#)

The basis of our strategy form the material topics which we identified in our materiality analysis in 2017: climate, water and waste. → [STAKEHOLDERS AND MATERIALITY](#) The strategy clusters each of these topics into three levels (see graphic detail on the next page): at the core is the management within our own operations, the second level targets impact assessments along the value chain followed by the outer level of pilot projects. This three-level approach allows us to focus on those operations that lie in our direct sphere of influence while not neglecting impacts that arise in our supply chain or during the use phase of our products. The environmental strategy is framed by communication measures and the further development of due diligence and risk management approaches.

The targets set in the environmental strategy have been integrated into the CR Roadmap. Detailed approaches to the three different topics will be explained in the following chapters. Other environmental topics such as biodiversity were viewed to be less relevant for NORMA Group. As a result, they are not the focus of our CR activities. The lower materiality of biodiversity is due to the fact that NORMA Group mainly operates its production sites in designated industrial and commercial areas.

Environmental Management Systems

Certification of manufacturing sites according ISO 14001

[GRI 103-1, 103-2, 103-3, 308-2]

We can only contribute to a more efficient and environmentally friendly economy if environmental protection is integrated into the processes and workflows of all NORMA Group sites. The increasing importance of environmental management in production processes is reflected in the increasing scarcity of resources, stricter regulatory requirements and expectations from customers, capital markets and society towards the Company. If not managed systematically and implemented throughout the entire Group, these trends might translate into risks for the Company.

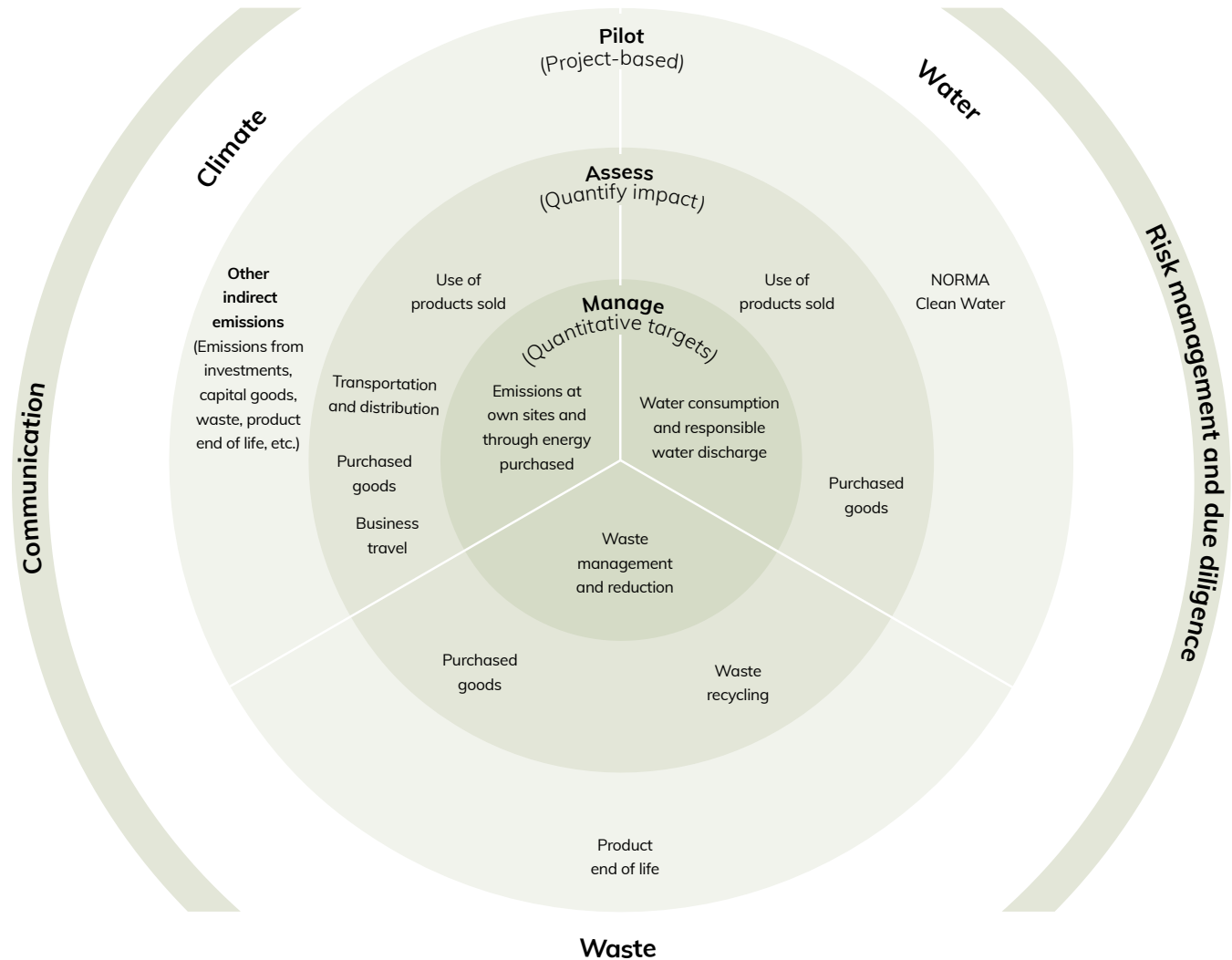
In order to confront these risks, NORMA Group has set itself the goal of 100% integrated manufacturing sites certified according to the international standard ISO 14001. Considering the strong growth through acquisitions in the past, the target only refers only to those locations that have been integrated into NORMA Group for more than 12 months. As of December 31, 2019, 90% (26 of 29) of these production sites were certified according to ISO 14001. The three locations missing are a manufacturing site of our subsidiary NDS in the United States, the newly opened site in Tijuana, Mexico, and Connectors in Switzerland (no certification due to relocation to a new site in 2019).

Responsibility for the environmental management systems and the associated topics regarding climate, water and waste at NORMA Group's manufacturing locations, lies with our department for environment, health and safety (EHS), which is staffed with qualified personnel at all production sites. On the global level, the EHS management reports to the Management Board. [→ ANNUAL REPORT, P. 38](#)

This structure enables us to develop and implement specific measures in accordance with local environmental challenges on the one hand and site-specific production processes on the other. To ensure compliance with ISO 14001 standards, our sites are audited regularly by external specialists. Progress on the achievement of targets in the areas of climate, water and waste is evaluated in regular management reviews on a local level and reporting of aggregated data to the Management Board on a global level.

Along the supply chain, similar environmental risks as for NORMA Group itself exist because the majority of our suppliers also come from the manufacturing industry. Assessment and verification of these potential sustainability and financial risks are the responsibilities of our purchasing department. [→ SUSTAINABILITY IN PURCHASING](#) [→ ANNUAL REPORT, P. 96](#)

Environmental strategy



Climate Protection in Production

Climate change risks and opportunities

Climate change has a direct impact on various sectors of the economy. With regard to a long-term time horizon until 2030, it could also have direct and indirect consequences for NORMA Group.

On the one hand, both the reduction of greenhouse gases and the adaptation to global warming offer opportunities for NORMA Group. These include, for example, new or growing market segments in the areas of e-mobility and water management, which could have a positive impact on sales development. At the same time, energy savings also offer the potential to reduce NORMA Group's operating costs. Last, but not least, NORMA Group can benefit from the increasing relevance of this topic in the financial markets by positioning itself as a sustainable investment and thus reducing its cost of capital.

Conversely, these developments may also result in certain risks. For example, the increase in the production of alternatively powered vehicles is leading to a decline in the market for conventional powertrains, in which NORMA Group is also active. Increased pricing of greenhouse gases may result in higher operating costs. On the capital market side, a changed reputation can lead to restraint on the part of capital market players focused on sustainability and thus to higher capital costs.

NORMA Group counters these opportunities and risks in general by means of a clear strategy and active management in the areas → [E-MOBILITY](#) and → [WATER MANAGEMENT](#) as well as → [RESEARCH AND DEVELOPMENT](#). With regard to the risks arising from its own production processes, NORMA Group operates a structured environmental management system at all its production sites, with clear targets for reducing greenhouse gases.

Further details on opportunities and risks, the methodological approach to identifying them and the NORMA Group strategy to address them can be found in NORMA Group's public [CDP REPORT](#).

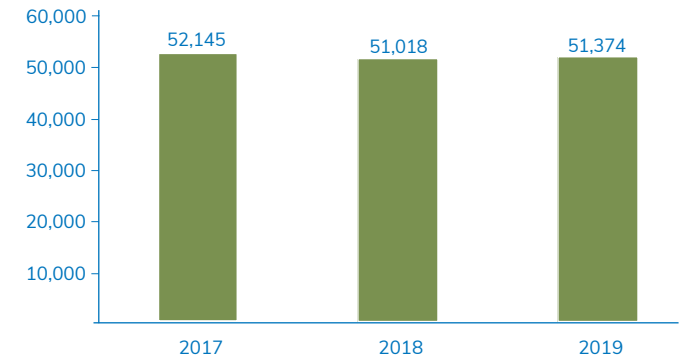
Ongoing climate change not only poses risks and opportunities for NORMA Group's business. NORMA Group's business activities also contribute to the emission of greenhouse gases. This applies in particular to emissions caused by the production of purchased materials and its own production processes.

Target to reduce greenhouse gas emissions

[GRI 103-1, 103-2, 103-3]

With our environmental strategy, we aim at making a contribution in combating climate change. The strategy focusses on emissions generated by production processes at our manufacturing locations (scope 1 and 2). For these emissions we set ourselves an absolute reduction target: NORMA Group wants to reduce its absolute greenhouse gas emissions by 16% by 2025 (baseline 2017). The calculation of this target was based on the Sectoral Decarbonization Approach (version 8.1.) of the [SCIENCE-BASED TARGETS INITIATIVE](#) and excludes those emissions resulting from growth by acquisitions. To ensure achievement of the targets also on a local level, we are integrating the targets into our → [ENVIRONMENTAL MANAGEMENT SYSTEMS](#). At NORMA Group, the individual plant management is responsible for the concrete measures taken to reduce energy consumption and thus greenhouse gas emissions.

Development of greenhouse gas emissions (scope 1 and 2) from gas, electricity and district heating, in tons of CO₂ equivalents



No increase of scope 1 and 2 emissions

[GRI 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5]

NORMA Group is currently concentrating on the collection and management of its greenhouse gas emissions from gas consumption (scope 1) as well as from purchased electricity and district heating (scope 2) at its production sites. Last year, scope 1 emissions amounted to 5,754 tons of CO₂ equivalents while scope 2 emissions were 45,620 tons of CO₂ equivalents. The sum of both scope 1 and 2 emissions remained almost unchanged at 51,374 tons compared to the previous year (2018: 51,018 tons).

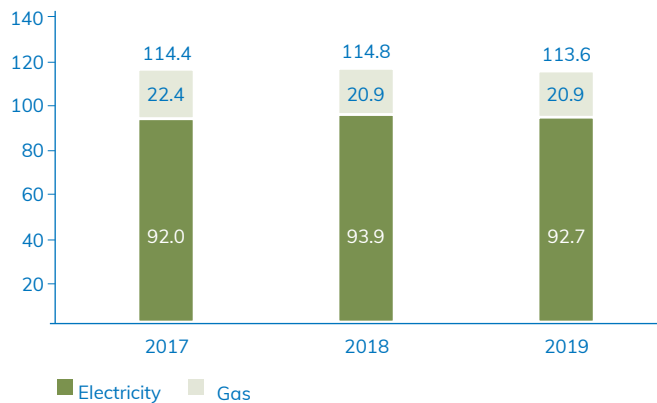
For both scope 1 and 2 combined, this translates into 46.7 kg CO₂ equivalents per EUR thousand of revenue, which is a slight decrease to the previous year (2018: 47.1 kg per EUR thousand of revenue). The corresponding energy consumption of gas, electricity and district heating (combined) was 124.954 megawatt hours or 113.6 kilowatt hours per EUR thousand of revenue (2018: 114.8 kilowatt hours per EUR thousand of revenue).

Regarding electricity and district heating, emissions are calculated using a combination of location-based and market-based

methodologies: We use emission factors from specific suppliers wherever these are available (market-based). If this is not the case, we use country emission factors provided by the International Energy Agency (location-based). Values on emissions calculated according the location-based methodology can be found under → [DATA](#).

In 2019, the sites of Kimplas Piping Systems Ltd., NORMA Manufacturing NA SW, LLC und Statek Stanzereitechnik GmbH were not yet included in the calculation of energy and emissions data. Their integration started with the financial year 2020.

Development of specific energy consumption in kilowatt hours per EUR thousand of revenues



Quantification of emissions along the value chain

[GRI 308-2]

In addition to our ambitions to lower emissions generated at our manufacturing locations, we also take action to manage greenhouse gas impacts along the value chain (scope 3 emissions). On the one hand, we aim at reducing the carbon footprint during the usage phase of our products. This is especially important in the automotive industry where – among other products – we develop new applications in the area of e-mobility. → [ENVIRONMENTAL IMPACT OF PRODUCTS](#) On the other hand, we also include our supply chain in our approaches since in many cases large volumes of energy are needed to manufacture the materials and components we purchase.

Last year, we quantified the emissions that arise during the production of the production materials we purchase. The calculation was not based on supplier data, but on a multi-regional input-output analysis that estimated the emissions of various product groups. The underlying data was based on purchasing data from 2018. As a result, the production of direct materials is responsible for 201,850 tons of CO₂ equivalents, which is approximately four times the amount of emissions from the production processes of NORMA Group itself. Among other things, the data is integrated into the sustainability fact sheets, which are part of the commodity strategies. → [SUSTAINABILITY IN PURCHASING](#)

Water in Production

Actively address water scarcity

[GRI 103-1, 103-2, 103-3, 303-1]

The United Nations estimates that demand for water will increase by 40% by 2050. According to current calculations, one in four people will then be living in a country with water scarcity. [UN](#) [UNITED NATIONS](#) NORMA Group recognized this megatrend at an early stage and has reacted accordingly. In the meantime, NORMA Group's product portfolio consists to a considerable extent of water management products, which help our customers optimally control water consumption. → [ENVIRONMENTAL IMPACT OF PRODUCTS](#)

A total of 19% of the world's water consumption is attributable to the production processes of industry alone. [UN](#) [FAO](#) With its worldwide presence, NORMA Group is also represented in regions with a medium to high risk of water scarcity. Against this backdrop, NORMA Group also has a special responsibility to handle this resource carefully in its own production. Our production sites are to serve as a model for the more sustainable and resource-efficient use of water. Water consumption at NORMA Group is largely generated by cooling systems within our production processes.

Reduction of our own water consumption

[GRI 303-1, 303-3]

For years, NORMA Group has been working to continuously reduce the use of water in its own production processes. In our environmental strategy, we address both the water consumption at our manufacturing sites and along the value chain. For our own sites, we set ourselves the target of reducing water consumption in relation to net sales by 15% by 2025 (baseline 2017) which translates into a 2% efficiency improvement per year. In order to achieve this target, we have a special focus on locations in areas

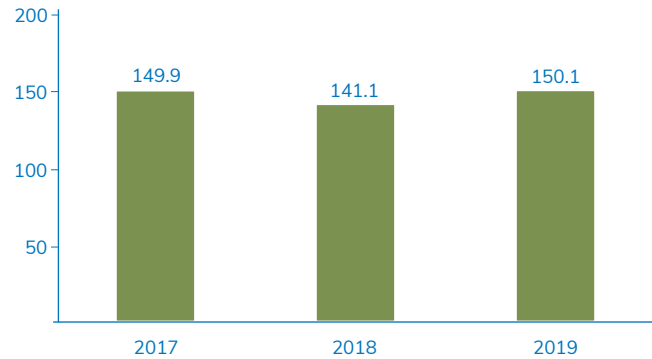
of water risk (quantitative and qualitative according to the [AQUEDUCT](#) methodology).

We focus on our production sites as a framework for data collection and targets because water consumption at our administrative and distribution sites plays only a minor role due to significantly lower consumption levels. The control of water consumption follows the structure and responsibilities of our environmental management systems. → [ENVIRONMENTAL MANAGEMENT SYSTEMS](#). It is implemented globally and locally by the environmental department and at plant level in accordance with ISO 14001 standards.

NORMA Group's water is mainly sourced from municipal water supplies or other public or private water utilities and – at some locations – from ground and surface water. Last year, the water consumption of NORMA Group's production totaled 165,155 cubic meters. This translates into an increase of water consumption by 8.0% (2018: 152,943 cubic meters), which is mainly attributable to the installation of new thermoforming ovens and the water needed for corresponding cooling processes. Accordingly, the specific water consumption rose by 6.8% to 150,1 liters per EUR thousand of revenues (2018: 141,1 liters).

The implementation of ISO 14001 at NORMA Group also covers the handling of wastewater. The vast majority of wastewater at NORMA Group sites is discharged to municipal wastewater systems or local sewage treatment plants.

Water consumption in liter per EUR thousand of revenue



Water consumption in the supply chain

[GRI 303-1, 308-2]

Water consumption also plays an important role in the supply chain: For example, NORMA Group purchases granulates, molded rubber parts and plastic parts, some of which are manufactured using water-intensive processes in the chemical industry. As in the area of CO₂ emissions, NORMA Group in 2019 also quantified the water consumption resulting from the production of the purchased direct materials. The result showed that the production processes in the supply chain required around 1.9 million cubic meters of water. This corresponds to twelve times the water consumption of the NORMA Group production sites. We therefore see it as our task to strengthen the awareness of responsible use of water in the supply chain. We have included both the reduction of water consumption and the safe handling of waste water in our Supplier Code of Conduct and have included sustainability fact sheets in our commodity strategies. → [SUSTAINABILITY IN PURCHASING](#)

Resource Efficiency

Economic and environmental drivers for resource efficiency

[GRI 103-1, 103-2, 103-3, 301-1]

As a manufacturing Company, NORMA Group depends on various raw materials and primary products as important precursors of our products. NORMA Group's total production materials turnover amounted to EUR 335.1 million in 2019 (2018: 336.3 million). The largest share was accounted for by steel and metal components, granules and plastic and rubber products. → [ANNUAL REPORT, P. 77](#) Efficient handling of the raw materials required for our production is therefore both needed from an environmental point of view and economically necessary to reduce production costs.

Taking into account NORMA Group's procurement portfolio, price increases for raw materials are considered likely overall. However, the associated financial impact is estimated to be minor. → [ANNUAL REPORT, P. 96](#)

Consistently reducing waste volumes

In our environmental strategy, we set the target of continuously reducing waste generation in relation to net sales every year. In order to improve its measurement and management of waste throughout the Company, NORMA Group rolled out new waste categories at all manufacturing sites last year. In particular, this includes the measurement of hazardous waste. Handling hazardous substances affects only a few production sites, and the legal requirements are being met. As the new categories only partly correspond with the previous ones, this impedes an inter-year comparison within some categories.

The current waste categories include metallic waste, which decreased last year both in absolute terms and in relation to sales. 6,280 tons were generated in 2019, 8.2% less than in the previous year (2018: 6,841 tons). This represents a 9.5% decline of in relation to revenue (see chart).

Volumes of various forms of waste [GRI 306-2]

in kg per EUR thousand of revenue	2019	2018	Change in %
Metallic waste ¹	5.7	6.3	-9.5
Plastic waste ¹	0.6	n/a	n/a
Cardboard / paper waste ²	0.7	0.7	-0.2
Wood waste ¹	0.5	n/a	n/a
Hazardous waste ²	0.5	n/a	n/a
Other waste ¹	0.9	n/a	n/a

1_Figures do not include locations of Kimplas Piping Systems Ltd., National Diversified Sales Ltd. (NDS), NORMA Manufacturing NA SW, LLC and Statek Stanzertechnik GmbH.

2_Figures do not include locations of Kimplas Piping Systems Ltd., NORMA Manufacturing NA SW, LLC and Statek Stanzertechnik GmbH.



NORMA Group promotes reparability of fuel lines

A car's fuel line can be on average 2.5 meters long. In case of a defect through external factors, replacing the entire line is not only time-consuming and costly, it also requires the resources to produce the replacement.

To confront this, NORMA Group developed a kit that allows garages to easily and selectively repair the damage. Using the repair kit not only lowers the time needed for repairing, but it also reduces the amount of resources needed by repairing a few centimeters of damaged section instead of replacing the entire line.

Efficient production processes

The reduction of waste generation is controlled in accordance with our environmental management systems. The Environment, Health & Safety (EHS) department is responsible for ensuring adequate waste management that is implemented at the plant level in accordance with ISO 14001 standards. → ENVIRONMENTAL MANAGEMENT SYSTEMS. At the same time, we optimize the efficiency of our production through the implementation and continuous improvement of the NORMA Production System (NPS). → ANNUAL REPORT, P. 75

Among others, NORMA Group uses the NBS to monitor indicators to improve material efficiency. This includes the number of defective parts produced internally but not delivered to the customer (cf. defective parts under → QUALITY) and the scrap rate, which sets the value of the scrap in relation to the total production material consumed. To make management as effective as possible, data is collected at the machine, department and plant levels.

In addition to the introduction of these indicators, Scrap Marketplaces were set up at all sites. The aim of these "Marketplaces" is to sensitize the workforce to the avoidance of scrap and waste. Scrap is collected on machine-level in red boxes and displayed visibly in the production halls. The clear visibility is intended to encourage employees to look for solutions to produce less waste. Depending on the plant, the contents of the Scrap Marketplaces are checked weekly or even daily, the causes analyzed and appropriate countermeasures defined.

Closing recycling cycles

Depending on the type of waste, we employ different recycling methods. For example, a large share of the waste generated in production processes is externally recycled by NORMA Group's contractors. Plastic waste is reintroduced into the manufacturing process as far as possible, depending on the type of plastic and reasonable costs. A certain portion of the resulting plastic waste is re-granulated. If possible, we also purchase recycled plastic, particularly at our subsidiary NDS, where more than 50% of plastic purchased is recycled.

We are currently not in the position to recycle our own products because these are used in end products such as engines and turbines, and doing so would require a disproportionately high investment of time and resources on the part of NORMA Group. All contractually regulated specifications on material type and recyclability are of course fulfilled. Compliance with the statutory labeling requirement is also guaranteed. In this way, NORMA Group complies with statutory regulations such as end-of-life vehicle regulations and guidelines such as RoHS (Restriction of Hazardous Substances), REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) or California Proposition 65 on the requirements on drinking water infrastructure and supports its customers' recycling concepts.

Environmental Impact of Products

NORMA Group offers sustainable product solutions

The product solutions of NORMA Group in the categories water-management (WATER), fluid systems and connectors (FLUID) and clamps and joining elements (FASTEN), are processed within end products. Above all, our products have the task of ensuring the efficient transport and use of liquid or gaseous substances. The main advantages of our joining solutions lie in their optimization in the areas of emissions, leakage and weight, as well as in minimized assembly space and time. In addition, we are expanding our product portfolio in the area of electromobility to support future mobility concepts (see below).

When developing new products, we focus on our customers' specifications and requirements. Satisfying their wishes and offering solutions to their problems is a top priority for NORMA Group. The basic requirement that all our products must always meet is the effective prevention of leaks and pollutant spills. We meet this basic requirement for our customers and ensure the highest reliability and quality. → [QUALITY](#) At the same time, we also develop ideas for our customers in respective projects that improve the environmental friendliness of their and our products. → [INNOVATION](#) To assess our improvements, we have set ourselves the task of estimating and quantifying the impact of our products in their usage phase both regarding greenhouse gas emissions (scope 3 emissions) and water consumption.

Risks from business activities

With respect to various environmental aspects, certain risks may arise from business relationships, products and services. In the field of water management, for example, our products offer the benefit of managing stormwater onsite to protect waterways, oceans, lakes and streams from runoff, which is becoming an increasingly important regulatory trend among cities and municipalities. Left untreated, there is a possibility that water significantly damages the assets and properties of our customers, which is of increasing importance against the background of a rising amount of extreme weather events.

In the automotive industry, a primary environmental risk is the emission of pollutants. This can be caused by leakages, poor exhaust gas purification or unnecessary vehicle weight, which would increase fuel consumption. This also creates risks for our business: quality defects could lead to legal disputes, liability for damages or the loss of customers.

Active management of e-mobility opportunities

Transport accounts for around 14% of global greenhouse gas emissions. [IPCC](#) The target to reduce global warming to well below 2 °C by 2050 is accompanied by increasing pressure on the automotive industry to reinforce efforts to realize e-mobility as a primary mode of transportation.

Still, many challenges have yet to be overcome, with the range of e-cars and the installation of an adequate charging infrastructure being the most prominent ones. NORMA Group aims to make an active contribution by developing new products such as thermal management systems for the cooling and heating of batteries. During product development, they are tailored to solve the main challenges faced by customers: weight savings, lack of space and the reduction of pressure drops of coolants in the system. The latter is decisive to ensuring optimal performance of the batteries' thermal management systems: only if the flow of coolant is properly managed throughout the entire system is the thermal management working efficiently and no additional pump upsizing (and thus extra weight) needed.

In addition to providing solutions to these requirements, NORMA Group also ensures high safety standards by applying its experience in the design of fuel transport systems in the delicate environment of batteries and cooling water.

Currently, NORMA Group is managing its e-mobility efforts in a project-based organization with dedicated engineering and sales staff. In doing so, we have the flexibility to confront an emerging and very dynamic market and to connect the new challenges to our already existing product portfolio and customer expertise. Last year, relevant internal stakeholders again received extensive training. To ensure global alignment and steering, all projects are coordinated and supported by the Global Product Management E-Mobility.

This management approach is showing results. Last year, NORMA Group received several large orders for thermal management systems. This includes both orders from traditional car manufacturers and battery manufacturers. [PRESS RELEASE](#)

Sustainable water management as a key growth market

With worldwide water shortages on the rise, there is an increasing need for efficient water management and infrastructure solutions. NORMA Group is leveraging this trend by continuously developing its water management portfolio. In 2019, water management amounted to 20% of NORMA Group's annual sales. Among many others, products include drip irrigation systems that save up to 60% of water consumption compared to sprinklers and hand watering, or residential stormwater management solutions which support our customers by protecting their property from water damage due to stormwater runoff. Other important areas of activity are flow management products like specialty valves and fittings as well as high-capacity subsurface detention and infiltration systems to manage large stormwater runoff volumes in commercial applications.

NORMA Group's water management organization is decentralized with NORMA Group's US subsidiary NDS in the Americas and growing organizations in EMEA and APAC. All regions maintain a constant and intensive exchange in order to adapt existing products to market needs and develop new solutions. One example in 2019 was the "Water Management Synergy Workshop" in Malaysia and India with participants from all regions. In addition, NORMA Group expands its internal competencies and increases its market penetration by selective acquisitions.

Outlook

We will continue to consistently pursue our efforts and measures in the area of environmental and climate protection in the years to come. The main focus for NORMA Group will be on continuously and systematically reducing the environmental impact of its production processes. We will therefore see to it that 100% of the production sites that have been part of NORMA Group for more than 12 months are certified in accordance with ISO 14001.

In the areas of greenhouse gas emissions, water consumption and waste generation, we will continue to pursue the ambitious goals that we set for ourselves for our production sites. The aim is also to quantify NORMA Group's impact along the value chain: This applies especially to the environmental impact of NORMA Group products during their service life.

CR Roadmap 2020: "Environment"

Core objective

NORMA Group will continuously and systematically reduce the negative environmental impact of its production processes.

Target value for 2020

100% of NORMA Group's global production sites ¹ are to be certified according to ISO 14001 by no later than the end of 2018 and then continuously.

Our goal	Milestone	Date	Status
We will reduce the CO ₂ footprint of our production, taking science-based targets into account.	Absolute reduction of CO ₂ emissions (scope 1 and 2) by 16% compared to 2017.	2025	2019: Reduction by 1.5% (baseline 2017)
We will lower our consumption of water as a resource in production focusing on areas of high water-stress.	Reduction of water consumption in relation to sales by 15% compared to 2017.	2025	2019: Increase by 0.2% (baseline 2017)
We will reduce waste and increase the efficiency of material use in our production processes.	Yearly reduction of waste in relation to sales.	2025	2019: Reduction of metallic waste per EUR thousand of revenue by 9.5% (baseline 2018)
	Introduction of "scrap rate" and "defective parts in production" as new KPIs in the area of production.	2018	Implemented

¹With a transition period of 12 months for newly integrated sites.



7 Community



How does
NORMA Group
promote social
commitment in
its workforce?

On NORMA Help Day, we enable our employees to support local communities.

Every year, NORMA Group calls on its employees to participate in NORMA Help Day. This day is organized at production sites as well as in distribution and sales locations. The main goal is to give back to society. Last year, for example, employees renovated childcare facilities, supported soup kitchens, or became involved in environmental protection. → [CORPORATE VOLUNTEERING](#)

To evaluate the impact of Help Day and continuously improve the format, NORMA Group also conducted a study in cooperation with the University of Mannheim last year. You can find more information → [HERE](#).

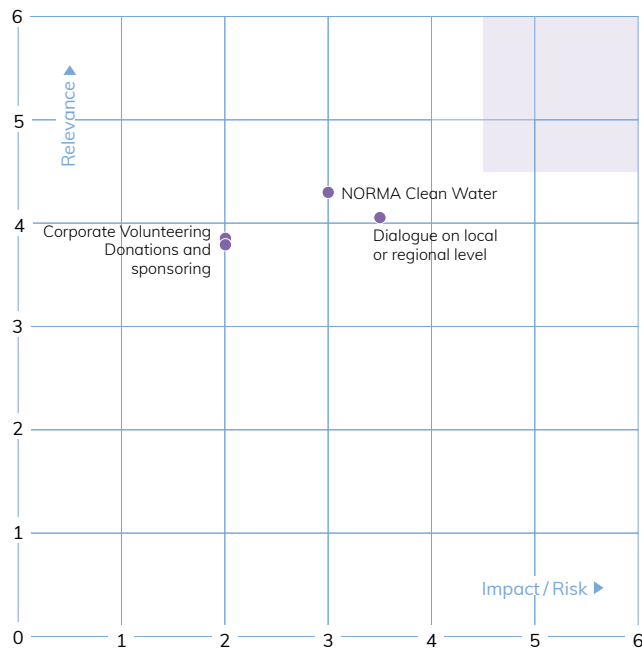
Our employees are committed worldwide – whether in Germany (right) or in the US (left).



Content

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Materiality matrix



Information reviewed by PwC, which together forms the separate non-financial Group report, is marked with a vertical dotted line next to the respective text.

Community

Strategic Approach

NORMA Group is committed to society

NORMA Group considers it self-evident to act as a socially committed company and an active member of society. We want to have a positive impact on the regions and local communities in which we operate. In our core business, we make an important contribution in a variety of ways, for example through our human resources management, anti-corruption measures and environmental management.

We value exchange and close contact with our neighbors at all NORMA Group sites. We conduct Corporate Citizenship activities closely related to our core business. Employee involvement makes a decisive contribution to the success of our activities.

Our social commitment activities are based on our Corporate Citizenship Guideline (CCG) and are managed at Group level by the CR Officers. They receive support from employees with decentralized responsibilities at our production sites, on organizing our global Help Day, for example. With the NORMA Clean Water project, we are also developing model measures to show how global challenges – especially the scarcity of water as a resource – can be addressed.

All activities are weighted and evaluated after their implementation. Depending on the respective projects, key figures are collected and communicated, in the CR Roadmap, for example. → [CR ROADMAP 2020](#)

NORMA Clean Water

Water as a vital resource

Many regions of the world face major challenges in the areas of water supply, sanitation and hygiene. However, in a report by the World Health Organization (WHO), more than 80% of the countries surveyed responded that they do not have sufficient funding to meet their national water, sanitation and hygiene goals. → [WHO](#) The lack of funding is also associated with social consequences: children, especially girls, suffer from the often precarious situation as they are traditionally responsible for the domestic water supply.

For NORMA Group, water is a strategic focus area with a direct connection to our core business. → [ENVIRONMENTAL IMPACT OF PRODUCTS](#) Our lighthouse social commitment project therefore naturally focuses on water. At the same time, it seeks to show how challenges in the areas of water, sanitation and hygiene can be met through cooperation between business and civil society.

Longstanding partnership with Plan International

Today, the NORMA Clean Water project can already look back on several years of history. Our partner is always the children's charity Plan International, which supervises and implements the work on-site. In 2018, the cooperation between NORMA Group and Plan International received public recognition: NORMA Clean Water was among the finalists for the German CSR Award in the category "Civil Society Engagement." The prize is awarded to projects and initiatives that demonstrate exemplary corporate responsibility.

Between 2014 and 2017, NORMA Clean Water focused on the water supply and hygiene situation in Indian schools in the greater Pune area. Construction measures for the repair and renovation of toilet facilities were implemented at a total of 25 schools, and

almost 16,000 pupils and around 650 teachers were trained in the use of clean drinking water and hygiene. The training formed the core of the work as they ensure that the water facilities are used to improve hygiene even after the end of the project.

NORMA Clean Water in Brazil

Following the success in India, NORMA Clean Water is being continued in the Codó and Peritoró regions in the state of Maranhão in northeastern Brazil. Here, too, safe access to clean water is lacking. The aim of the project is therefore to improve the living and health conditions of children and their families. To this end, NORMA Group launched the three-year project in Brazil in 2017. In concrete terms, a total of 400 families are to have access to clean water by September 2020 through the construction and repair of new drinking water facilities. In addition, at least 170 families are to benefit from vegetable gardens that diversify and expand their food supply. Here, too, training is at the heart of the project to ensure the long-term success of NORMA Clean Water.

In 2019, NORMA Clean Water made significant progress in Brazil: In all participating project communities, well work has been completed and new water supply systems installed. In one community, there had been no running water for more than five years. In total, nearly 550 families in six communities are now benefiting from an improved water supply. The project has thus already clearly exceeded the target of 400 families.

In the period under review, a series of workshops were held on topics such as health, hygiene and menstruation, as well as participation and conflict management. 360 community members took part in the workshops in 2019.

In all project communities, water committees are actively involved in the implementation and maintenance of the construction and training measures, thus helping to anchor the project in the communities across the board. Another networking meeting for the



Water scarcity in Brazil

Brazil is a water-rich country and holds about 12 percent of the freshwater reserves on the planet. However, the amount of water is distributed very unevenly across the country. While just under three-quarters of the country's water resources are found in the Amazon region, the north-east of the country has only a share of around 4 percent and faces long dry seasons.

Studies also show that around 37 percent of drinking water in Brazil is wasted due to a lack of knowledge among the population. In rural regions, hardly any households are connected to the sewage system. In surveys conducted by Plan International in northeastern Brazil, 50 percent of young women and 29 percent of young men cited the lack of sanitation as the greatest challenge in their communities.

members of the water committees was held in 2019. The aim of the meeting was to promote the exchange of information, experience, good practice and challenges between the communities.

In addition, vegetable gardens were planted in two communities. Seeds and the necessary agricultural tools were purchased and distributed in the communities. In separate training courses, the participating community members received knowledge about vegetable growing and gardening.

Based on the success of the project so far and the continuing need in the project region, NORMA Group has decided to support the project in Brazil in its second phase for another three years.

Corporate Volunteering

NORMA Group promotes civic involvement of employees

[GRI 103-1, 103-2, 103-3]

Civil society is crucial for the functioning of society as a whole. Against the backdrop of the current social challenges arising from megatrends such as migration and global disparities, NORMA Group aspires to get involved and play an active role. To this end, we specifically promote social projects at NORMA Group sites. We also encourage our employees to make a contribution, for example, by making current projects known throughout the company. → [AWARENESS OF CR WITHIN THE COMPANY](#)

Worldwide commitment at NORMA Help Day

[GRI 413-1]

A foundation for the civic involvement of our employees was created with NORMA Help Day, which was first held in 2014 in Maintal with 35 employees. The program has spread internationally since 2015 to all NORMA Group sites, with employees' participation being voluntary. More than 700 employees at 29 sites participated in Help Day activities in 2019. Compared to the previous year (also more than 700 employees), the number of participants remains stable. 28 non-governmental organizations (NGOs) benefited from the commitment of our employees worldwide. Since contributions and projects vary greatly depending on the region, they are organized and implemented locally. Here are a few examples of our commitment.

At the Shaoxing and Wuxi sites, employees took advantage of the proximity of the Chinese Moon Festival to bake moon cakes at a retirement home and a center for autistic children. Baking campaigns for a children's center and a senior citizens' home were also held in Anderstorp in Sweden and Marsberg in Germany.

At other locations, Help Day teams focused on maintaining the premises of social facilities, such as in Ciudad Juarez (Mexico), Maintal (Germany), Newsbury (England) and Singapore, where employees repainted rooms in social facilities. At the Linsday and St. Clair (both USA), Hustopece (Czech Republic) and Subotica (Serbia) sites, employees contributed by maintaining green spaces and parks.

In Auburn Hills (USA), employees joined forces to sew blankets for seriously ill children, among other things. In Barcelona, the NORMA Group team donated home-made toy cars to the children in children's shelters. Numerous other small locations donated food and clothing to soup kitchens and social services.



Help Day commitment and job satisfaction

What added value does NORMA Help Day offer NORMA Group? And how can NORMA Group further improve its volunteering program?

These questions were investigated in a study conducted by NORMA Group together with the University of Mannheim. The result: on average, the participants in Help Day are significantly more satisfied with their job than non-participants and see more importance in their daily work. Satisfaction with Help Day correlates with job satisfaction in particular when there is positive recognition from the company for the commitment of the volunteers. NORMA Group is currently using the findings to improve Help Day even further.

We received a lot of positive feedback from our employees and the external project partners. The evaluation, which was conducted in cooperation with the University of Mannheim, confirmed the positive impact (see box). This makes the NORMA Help Day a complete success for our Company and all participants. For this reason, the action day is to be continued in the coming years.

Commitment at the Sites

In dialogue with local stakeholders

Besides the activities already described, NORMA Group is in constant dialogue with local stakeholders and actively participates in society. We have long been supporting local non-governmental organizations through donations and sponsorship, focusing on social, philanthropic and cultural projects in the regions. The approach is again decentralized because we believe that the efficiency of the support measures depends on the conditions in the region.

The Corporate Citizenship Guideline (CCG) serves as the controlling instrument. The guideline, which applies to all NORMA Group sites, describes the main issues, target audiences and forms of our commitment. It thus serves as an important orientation aid for those responsible in our plants with regard to the design of their site-based donation and sponsoring activities. The guideline explicitly prohibits donations to political parties and organizations. Approval processes and reporting are also linked to NORMA Group's international Compliance Management. → COMPLIANCE Since 2013, spending on donations and sponsoring has also been uniformly recorded internationally in accordance with the CCG. As in all other areas, NORMA Group attaches great importance to transparency in terms of its local involvement.

Sponsorship expenditures in the past year were at EUR 177 thousand, while spending on donations totaled EUR 60 thousand. The donations were used, for example, at the Nashik site in India to support various social institutions near the site. Among other projects, the site supported the establishment of a public library, the improvement of the drinking water supply, healthcare at a school and other local educational projects. At other sites, the donations also went to support social institutions.

Outlook

Consolidating and expanding commitment

NORMA Group intends to continue and expand its social commitment in the years to come. In doing so, we continue to rely on our successful cooperation with Plan International as part of the NORMA Clean Water project. We also want to achieve the project objectives in the communities in Brazil, thus setting an example of how sustainable water management can make a contribution to solving social and ecological challenges.

In addition, we want to motivate our employees to continue their active social commitment. This applies above all to the implementation and expansion of the annual NORMA Help Day, which has proven to be a successful model for corporate volunteering in recent years. Last but not least, we intend to continue supporting non-governmental organizations in the vicinity of our sites with donations and sponsoring in the years to come.

CR Roadmap 2020: "Community"

Core objective

NORMA Group will position itself as a responsible partner in the community.

Target value for 2020

Consistently good to excellent reviews on the community involvement in stakeholder surveys.

Our goal	Milestone	Date	Status
We will show that water is a scarce and valuable resource at many of our sites and demonstrate how important an efficient water supply is. Together with partners, we will conduct model projects to improve the current situation.	400 families in six rural communities in the Codó and Peritoró regions of Brazil receive a secure water supply and deepen their knowledge of domestic and agricultural water use and hygiene.	2020	2019: 543 families
The employees of NORMA Group engage voluntarily in charitable causes at their sites.	All production sites participate in the annual Help Day.	Annually	2019: Participation of 29 production and distribution sites.
By making donations and engaging in sponsoring in the areas of environment, sports and social affairs, we will strengthen the local structures at all of our sites.	NORMA Group's investments in the community will be based on the Corporate Citizenship Guideline.	Ongoing	2019: donations: EUR 60 thousand sponsoring: EUR 177 thousand



8

Data

Inhalt

63	About this Report
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71	GRI Content Index
77	Assurance Report
79	Imprint

About this Report

Scope and Purpose

[GRI 102-45, 102-50, 102-51, 102-52]

This CR Report covers fiscal year 2019 and presents information on NORMA Group's CR-relevant goals, approaches and actions, as well as on its strategic direction in the area of Corporate Responsibility. The statements and information given in this report apply to all subsidiaries of NORMA Group. Exceptions are expressly indicated. Stakeholders and companies outside the scope of consolidation of NORMA Group are not the subject of this report.

This report is published simultaneously with the the Annual Report on March 25, 2020. By publishing a separate CR Report and the CR content on our website, we seek to provide detailed information on NORMA Group's strategic CR approach and exemplary action. This allows NORMA Group to create the basis for open and trusting dialogue with its stakeholders.

Structure

[GRI 102-46]

The structure of this report is based on NORMA Group's CR-specific areas of action: Responsible Management, Business Solutions, Employees, Environment and Community. The focus of the individual chapters, on the other hand, is on the "material topics" which were defined in a materiality analysis. → [STAKEHOLDERS AND MATERIALITY](#) Throughout the report, highlighted boxes present examples from the Company's practice, which should illustrate individual topics.

To aid in the readability of the CR Report, we generally refrain from using male and female forms of language. Of course, terms such as employee always include all genders.

Non-financial report, GRI and UN Global Compact

[GRI 102-54]

This CR Report serves to fulfill the legal requirements that have arisen for NORMA Group in accordance with the Law on Strengthening the Non-Financial Reporting of Companies in Management and Group Management Reports (CSR Directive Implementation Act, CSR-RUG). NORMA Group has embedded a separate non-financial report in accordance with the German Commercial Code ("Handelsgesetzbuch", HGB) into this CR Report. The mandatory parts of the non-financial report are indicated by a dotted line next to the respective text. An overview of the compulsory components according to HGB can be found in the table on the following page.

References to disclosures outside the Consolidated Management Report or Consolidated Financial Statements constitute additional information and are as such not part of the non-financial report.

The non-financial report has undergone an assurance engagement according to ISAE 3000 (Revised) with limited assurance. The opinion of the independent audit firm PricewaterhouseCoopers (PwC) is shown on page 77.

After the implementation of the net method in the determination of reportable risks according to CSR-RUG, NORMA Group is not aware of any reportable net risks that are very likely to have a materially adverse effect on reportable aspects. For a description of NORMA Group's risk management system, please refer to pages 89 – 101 of the → [ANNUAL REPORT](#). The gross risks identified in the materiality analysis are briefly described in the subchapters of the CR Report.

Reportable relations to the amounts of the Consolidated Financial Statements have not been determined.

The CR Roadmap also includes the precise objectives of our Company up to the end of 2020 and the current status of corresponding activities. The progress of the Roadmap is regularly discussed in the CR Steering Committee and published externally. The Management Board of NORMA Group is actively involved in review activities; the Roadmap is thus a central instrument of due diligence for NORMA Group.

Information reviewed by PwC, which together forms the separate non-financial Group report, is marked with a vertical dotted line next to the respective text.



Content of non-financial disclosure

Mandatory information according to HGB	Reconciliation in report content / material topics	Pages
Business Model	NORMA Group at a Glance	7
Environmental Issues	Environmental Management Systems	44
	CO ₂ Footprint in Production	46
	Water Consumption in Production	47
	Recycling of Waste	48
	Efficient Production Processes	48
	Sustainable Purchasing	29
Labor Issues	Compliance Management Systems	18
	Elimination of Discrimination	21
	Freedom of Association	21
	Occupational Health and Safety	36
	Training and Development	38
Social Issues	This aspect was found to be non-material in the materiality analysis.	see 13, 56
Respect for Human Rights	Compliance Management Systems	18
	Elimination of Discrimination	21
	Freedom of Association	21
	Sustainable Purchasing	29
Combating Corruption and Bribery	Compliance Management Systems	18
Presentation of Risks	See corresponding subchapters	
Correlations to the Consolidated Financial Statements	About this Report	63

This report has been prepared in accordance with the GRI Standards: Core option. This includes the implementation of the materiality analysis.

It also offers an orientation to GRI Standards within the non-financial report. Above all, the materiality analysis, the presentation of management approaches, and the key figures are oriented toward the specifications of the GRI Standards. The GRI Content Index can be found on pages 71 – 76.

This report also serves as a Communication on Progress for the implementation of the ten principles of the UN Global Compact. References to the Global Compact principles have been integrated into the GRI Content Index.

Other CR-specific data can be found on the following pages. Additional general data can be found in the → [ANNUAL REPORT 2019](#).

Key Performance Indicators

General data / Description of business model

KPI	Unit	Data 2019	Data 2018	Change in %	GRI Standard
Number of manufacturing locations		29	30	-3.3	102-7
Number of manufacturing locations that have been integrated into NORMA Group for at least 12 months		29	27	7.4	
Number of countries in which NG is currently represented (with sites and offices)		25	26	-3.8	102-4
Number of products		> 40,000	> 40,000	n/a	102-7
Revenue	EUR millions	1,100.1	1,084.1	1.5	102-7
Adjusted gross profit	EUR millions	630.6	626.6	0.6	
Adjusted EBITA	EUR millions	144.8	173.2	-16.4	
Share of sales realized internationally	%	83.0	81.2	n/a	102-7
Total number of employees including temporary employees		8,521	8,865	-3.9	102-8
Permanent staff		6,523	6,901	-5.5	102-8
EMEA employees (permanent staff)		3,549	3,744	-5.2	102-8
Americas employees (permanent staff)		1,601	1,842	-13.1	102-8
Asia-Pacific employees (permanent staff)		1,373	1,315	4.4	102-8
Temporary employees		1,998	1,964	1.7	102-8

Responsible Management

KPI	Unit	Data 2019	Data 2018	Change in %	GRI Standard
Compliance management systems & compliance training					
Number of registrations for online training courses ("Basics")		440	487	-9.7	205-2
Number of registrations for online training courses ("Focus")		514	242	112.4	205-2
Number of registrations for online training courses ("Refresher")		1,089	2,189	-50.3	205-2
Share of completed online training courses completed on schedule (all)	%	96.6	96.5	n/a	205-2
Number of employees who were trained on compliance topics online		1,233	2,350	-47.5	205-2
Completed hours in compliance online training (all)	h	3,278	4,205	-22.0	205-2
Completed hours in compliance online training per participant	h per employee	2.66	1.79	48,6	205-2
Substantial fines for non-compliance with laws and regulations	EUR thousands	0	103	-100.0	307-1
Elimination of discrimination					
Number of discriminations determined by courts		0	0	0.0	406-1
Freedom of association					
Number of violations of freedom of association determined by courts		0	0	0.0	407-1
Percentage of permanent staff covered by collective bargaining agreements	%	46.3	n/a	n/a	102-41
Awareness of CR strategy					
Share of ESS participants who know the CR Policy	%	79.6 (2017)	79.6 (2017)	n/a	

Business Solutions

KPI	Unit	Data 2019	Data 2018	Change in %	GRI Standard
Innovation					
Number of invention applications		22	32	-31.3	
Employees in R&D		345	365	-5.5	
Share of R&D employees in relation to the consolidated core workforce	%	5.3	5.3	n/a	
R&D expenditure in the EJT area	EUR millions	31.2	30.5	2.3	
R&D ratio in terms of EJT sales	%	4.7	4.5	n/a	
Quality					
Number of manufacturing locations certified according to ISO 9001 or TS 16949		26	26	0.0	
Number of manufacturing locations certified according to EN 9100		2	2	0.0	
Defective parts	PPM (parts per million)	6	7	-14.3	
Number of customer complaints per month	average per month	6	7	-14.3	
Sustainability in Purchasing					
Purchasing turnover	EUR millions	490.3	497.5	-1.4	
Total production materials turnover	EUR millions	335.1	336.3	-0.4	301-1
Share of preferred production material suppliers who have signed the Supplier Code of Conduct (SCoC)	%	100.0	100.0	n/a	308-1, 414-1
Number of preferred production material suppliers		22	24	-8.3	
Share of preferred suppliers in production material purchasing spend	%	27.8	27.0	n/a	
Share of suppliers in supplier scoring that participated in sustainability self-assessment	%	28.7	24.1	n/a	308-1, 414-1
Customer satisfaction					
Customer satisfaction index (CSI) ¹	on a scale of 0 (low satisfaction) to 100 (high satisfaction)	65 (2018)	65	n/a	
Net Promoter Score (NPS) ¹	%	27 (2018)	27	n/a	

¹ Further information on the calculation of both the CSI and the NPS can be found on → [PAGE 31](#).

Employees

KPI	Unit	Data 2019	Data 2018	Change in %	GRI Standard
Occupational health and safety					
Number of manufacturing locations ¹ certified according to OHSAS 18001		20	20	0.0	
Share of manufacturing locations ¹ certified according to OHSAS 18001	%	69	74	n/a	
Accident rate	accidents / 1,000 employees	4.3	7.8	-45.5	403-9
Medical treatment rate	treatments / 1,000 employees	29.1	40.9	-28.9	403-9
Number of lost time incidents		38	61	-37.7	403-9
Number of medical treatments (non-notifiable accidents)		258	358	-27.9	403-9
Training and development					
Average training hours per employee	h	28.1	23.9	17.8	404-1
Appropriate remuneration / payment					
Share of locations with performance-oriented incentive systems	%	100.0	97.7	n/a	
Adjusted personnel expenses	EUR millions	302.4	280.8	7.7	
Employee satisfaction					
Participation rate in Employee Satisfaction Survey (ESS)	%	82.3 (2017)	82.3 (2017)	n/a	
Overall satisfaction of employees	on a scale of 1 (very good) to 7 (very poor)	2.74 (2017)	2.74 (2017)	n/a	
Diversity and equality of opportunity					
Share of female employees in core workforce	%	35.9	34.8	n/a	405-1
Number of women in the six-person Supervisory Board		2	2	0.0	102-22, 405-1

1_The calculation considers only those locations that had been integrated for more than 12 months into NORMA Group as of December 31, 2019.

Environment

KPI	Unit	Data 2019	Data 2018	Change in %	GRI Standard
Eco-management systems					
Number of manufacturing locations ¹ certified according to ISO 14001		26	25	4.0	
Share of manufacturing locations ¹ certified according to ISO 14001	%	90	93	n/a	
CO₂ footprint					
Scope 1 emissions (from gas consumption) ²	t CO ₂ e	5,754	5,654	1.8	305-1
Scope 2 emissions (from purchased electricity and district heating) ^{2,3}	t CO ₂ e	45,620	45,364	0.6	305-2
Scope 3.1 emissions (from purchased production materials)	t CO ₂ e	201,850	n/a	n/a	305-3
Energy					
Gas ²	MWh	23,018	22,617	1.8	302-1, 302-4
Electricity ²	MWh	101,435	101,834	-0.4	302-1, 302-4
District heating	MWh	501	n/a	n/a	302-1, 302-4
Water in production processes					
Water consumption ²	cbm	165,155	152,943	8.0	303-3
Water consumption from purchased production materials	cbm	1,882,254	n/a	n/a	
Resource efficiency					
Hazardous waste ²	t	525	n/a	n/a	306-2
Non-hazardous waste	t	9,181	n/a	n/a	306-2
Metallic waste ⁴	t	6,280	6,841	-8.2	306-2
Plastic waste ⁴	t	617	n/a	n/a	306-2
Cardboard / paper waste ²	t	750	741	1.3	306-2
Wood waste ⁴	t	496	n/a	n/a	306-2
Other waste ⁴	t	1,037	n/a	n/a	306-2

1_The calculation considers only those locations that had been integrated for more than 12 months into NORMA Group as of December 31, 2019.

2_Figures do not include locations of Kimplas Piping Systems Ltd., NORMA Manufacturing NA SW, LLC and Statek Stanzereitechnik GmbH.

3_Market-based emissions in accordance with GHG Protocol Scope 2 Guidance, using supplier-specific data as well as IEA emission factors 2018. Scope 2 emissions calculated using "location-based" method (calculated using exclusively IEA emissions factors): 49,113 t (2018: 47,913 t)

4_Figures do not include locations of Kimplas Piping Systems Ltd., National Diversified Sales Ltd. (NDS), NORMA Manufacturing NA SW, LLC and Statek Stanzereitechnik GmbH.



Community

KPI	Unit	Data 2019	Data 2018	Change in %	GRI Standard
NORMA Clean Water					
Number of families benefitting from infrastructure measures		543	0	n/a	
Number of participants in workshops on health, hygiene and gender equality		360	443	-18.7	
NORMA Help Day					
Number of production and distribution sites that participated in NORMA Help Day		29	34	-14.7	413-1
Number of participants in NORMA Help Day		> 700	> 700	n/a	
Participation at the sites					
Donations	EUR thousands	60	66	-8.7	
Sponsoring	EUR thousands	177	18	905.1	

GRI Content Index [GRI 102-55]

Universal Standards

GRI Standards		Page	UNGC
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organizational profile			
102-1	Name of the organization	8	
102-2	Activities, brands, products, and services	7	
102-3	Location of headquarters	8	
102-4	Location of operations	7, 65	
102-5	Ownership and legal form	8	
102-6	Markets served	7	
102-7	Scale of the organization	7, 8, 65	
	Information on total assets, equity and liabilities can be found in the Annual Report.	AR pp. 46	
102-8	Information on employees and other workers	8, 36, 65	
102-9	Supply chain	29	
102-10	Significant changes to the organization and its supply chain	8	
102-11	Precautionary Principle or approach	19	
102-12	External initiatives	6, 40	
	United Nations Global Compact Diversity Charter (Germany)		
	Charta zur Vereinbarkeit von Pflege und Beruf in Hessen (Charter on reconciling care and work – Hesse, Germany)		
102-13	Membership of associations		
	NORMA Group SE is member of the following associations (memberships in local or regional subsidiaries not included):		
	Berufverband der Compliance Manager (BCM) e.V. (Association of Compliance Managers)		
	Bundesverband deutscher Pressesprecher e. V. (Federal Association of German Press Spokespersons)		
	Deutsches Aktieninstitut e. V. (German Equity Institute)		
	Deutsches Institut für Interne Revision e. V. (German Institute of Internal Auditing)		
	DIRK - Deutscher Investor Relations Verband e. V. (German Investor Relations Association)		
	Gesellschaft für Finanzwirtschaft in der Unternehmensführung e. V. (Society of Corporate Finance in Management)		
	Stifterverband für die Deutsche Wissenschaft e.V. (Association for the Promotion of German Science and Humanities)		

Universal Standards

GRI Standards		Page	UNGC
Strategy			
102-14	Statement from senior decision-maker	6	
102-15	Key impacts, risks, and opportunities	13, AR pp. 89	
	Besides the general presentation of the risk identification in the chapter "Stakeholders and Materiality," descriptions of impacts and risks in the individual subject areas are described in the individual subchapters. Detailed information on risks concerning NORMA Group's financial, assets and earnings position can be found in the risk and opportunity report of the annual report.		
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	18, 29	10
Governance			
102-18	Governance structure	9, 12, AR pp. 37	
102-19	Delegating authority	9	
102-20	Executive-level responsibility for economic, environmental, and social topics	12, AR p. 38	
102-21	Consulting stakeholders on economic, environmental, and social topics	13	
102-22	Composition of the highest governance body and its committees	68, AR p. 39	
102-23	Chair of the highest governance body	9, AR p. 39	
102-24	Nominating and selecting the highest governance body	AR pp. 39	
102-25	Conflicts of interest	AR p. 39	
102-27	Collective knowledge of highest governance body	AR pp. 33	
	In accordance with section 171 (1.4) AktG (new version), the Supervisory Board is obliged to review the content of the non-financial report.		
102-30	Effectiveness of risk management processes	AR pp. 43	
102-32	Highest governance body's role in sustainability reporting	AR pp. 36	
	In accordance with section 171 (1.4) AktG (new version), the Supervisory Board is obliged to review the content of the non-financial report.		
102-35	Remuneration policies	AR pp. 102	
102-36	Process for determining remuneration	AR pp. 102	
102-37	Stakeholders' involvement in remuneration	AR pp. 102	

Universal Standards

GRI Standards		Page	UNGC
Stakeholder engagement			
102-40	List of stakeholder groups	12	
102-41	Collective bargaining agreements	39, 66	
102-42	Identifying and selecting stakeholders	13	
102-43	Approach to stakeholder engagement	13	
102-44	Key topics and concerns raised	13, 14	
Reporting practice			
102-45	Entities included in the consolidated financial statements	8, 63	
	Further information on the entities included in the annual report can be found in the annual report.	AR pp. 138	
102-46	Defining report content and topic boundaries	13, 63	
102-47	List of material topics	13	
102-48	Restatements of information		
	In this report, there have been no re-statements of information from previous reports.		
102-49	Changes in reporting	13	
102-50	Reporting period	63	
102-51	Date of most recent report	63	
102-52	Reporting cycle	63	
102-53	Contact point for questions regarding the report	79	
102-54	Claims of reporting in accordance with the GRI Standards	63	
102-55	GRI content index	71	
102-56	External assurance	77	

Topic-specific Standards

GRI Standards		Page	UNGC
Economic Topics			
Economic Performance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	7	
103-2	The management approach and its components	AR pp. 46	
103-3	Evaluation of the management approach	AR pp. 46	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	9	
201-4	Financial assistance received from government	AR p. 194	
Procurement Practices			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	29	
103-2	The management approach and its components	29	
103-3	Evaluation of the management approach	29	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers		
	NORMA Group's purchasing philosophy is to purchase all goods and services locally if possible. The only exceptions are procurement opportunities at significantly lower rates or if the goods are not available locally. While materials for use are purchased largely locally, only two-thirds of production materials can be obtained from regional suppliers due to the special (quality) requirements. One-third comes from a few (global) suppliers who supply to all NORMA Group sites.		
Anti-corruption			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	18	10
103-2	The management approach and its components	18	
103-3	Evaluation of the management approach	19	

Topic-specific Standards

GRI Standards		Page	UNGC
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	19	10
205-2	Communication and training about anti-corruption policies and procedures	19, 66	10
205-3	Confirmed incidents of corruption and actions taken		
	During the reporting period, there have been no confirmed incidents of corruption.		
Anti-competitive Behavior 2016			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	18	
103-2	The management approach and its components	18	
103-3	Evaluation of the management approach	19	
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		
	In the reporting period, neither penalties nor fines were imposed on NORMA Group for infringements, violations or non-compliance with antitrust laws, regulations or obligations.		
Environmental Topics			
Materials			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	44, 48	7, 8
103-2	The management approach and its components	44, 48	7, 8
103-3	Evaluation of the management approach	44, 48	7, 8
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	48, 67, AR p. 77	7, 8
	Reducing the volume of materials used is an important goal of NORMA Group. The purchase value (in euros) of materials is NORMA Group's most important measure for simplifying control worldwide.		

Topic-specific Standards

GRI Standards		Page	UNGC
Energy			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	44, 46	7, 8
103-2	The management approach and its components	44, 46	7, 8
103-3	Evaluation of the management approach	44, 46	7, 8
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	46, 69	7, 8
302-3	Energy intensity	46	7, 8
302-4	Reduction of energy consumption	46, 69	7, 8
Water			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	44, 47	7, 8
103-2	The management approach and its components	44, 47	7, 8
103-3	Evaluation of the management approach	44, 47	7, 8
GRI 303: Water 2018			
303-1	Interactions with water as a shared resource	47, 48	7, 8
303-3	Water withdrawal	47, 69	7, 8
Emissions			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	44, 46	7, 8
103-2	The management approach and its components	44, 46	7, 8
103-3	Evaluation of the management approach	44, 46	7, 8
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	46, 69	7, 8
305-2	Energy indirect (Scope 2) GHG emissions	46, 69	7, 8
305-3	Other indirect (Scope 3) GHG emissions	46, 69	
305-4	GHG emissions intensity	46	7, 8
305-5	Reduction of GHG emissions	46	9

Topic-specific Standards

GRI Standards		Page	UNGC
Effluents and Waste			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	44, 48	7, 8
103-2	The management approach and its components	44, 48	7, 8
103-3	Evaluation of the management approach	44, 48	7, 8
GRI 306: Effluents and Waste 2016			
306-2	Waste by type and disposal method	49, 69	7, 8
Environmental Compliance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	44	7, 8
103-2	The management approach and its components	44	7, 8
103-3	Evaluation of the management approach	44	7, 8
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations In the reporting period, NORMA Group has not paid any penalties or fines in the environmental area for significant offenses, violations or non-compliance with environmental laws, regulations or obligations.	66	7, 8
Supplier Environmental Assessment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	29	7, 8
103-2	The management approach and its components	29	7, 8
103-3	Evaluation of the management approach	29	7, 8
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	30, 67	7, 8
308-2	Negative environmental impacts in the supply chain and actions taken	30, 44, 47, 48	7, 8

Topic-specific Standards

GRI Standards		Page	UNGC
Social Topics			
Employment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	36, 39	
103-2	The management approach and its components	36, 39	
103-3	Evaluation of the management approach	36, 39	
GRI 401: Employment 2016			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees In principle, the outlined offers from NORMA Group are addressed to all members of the core workforce (generally proportionate for part-time employees). The only exception are part-time employees in the US with an average weekly working time of less than 25 hours, who do not receive certain social benefits.	36, 39	
Occupational Health and Safety			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	36	
103-2	The management approach and its components	36	
103-3	Evaluation of the management approach	36	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system Hazard identification, risk assessment, and incident investigation	37	
403-2	Occupational health services	37	
403-3	"Worker participation, consultation, and communication on occupational health and safety"	36	
403-4	The proportion of employees represented by safety committees is currently not tracked by NORMA Group.		
403-6	Promotion of worker health		

Topic-specific Standards

GRI Standards		Page	UNGC
	Larger NORMA Group sites have occupational health physicians which do also provide regular information on general non-work related health topics. Awareness-raising on healthy living is also part of dedicated "Health and Safety Days" which are organized by individual entities on their own initiative.		
403-9	Work-related injuries	37, 68	
Training and Education			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	38	6
103-2	The management approach and its components	38	
103-3	Evaluation of the management approach	38	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	38, 68	6
404-2	Programs for upgrading employee skills and transition assistance programs	39	
404-3	Percentage of employees receiving regular performance and career development reviews	39	6
	The proportion of employees regularly participating in a performance assessment is currently not tracked by NORMA Group.		
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	40; AR p. 42	6
103-2	The management approach and its components	40; AR p. 42	
103-3	Evaluation of the management approach	40; AR p. 42	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	40; 68, AR p. 42	6
Non-discrimination			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	21, 40	6
103-2	The management approach and its components	21, 40	
103-3	Evaluation of the management approach	21, 40	

Topic-specific Standards

GRI Standards		Page	UNGC
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	21, 66	6
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	21	3
103-2	The management approach and its components	21	
103-3	Evaluation of the management approach	21	
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	21, 66	3
Child Labor			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	21	5
103-2	The management approach and its components	21	
103-3	Evaluation of the management approach	21	
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	21	5
	During the reporting period, no structured analysis of respective risks was carried out. No respective significant risks became known via other reporting channels during the reporting period.		
Forced or Compulsory Labor			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	21	4
103-2	The management approach and its components	21	
103-3	Evaluation of the management approach	21	

Topic-specific Standards

GRI Standards		Page	UNGC
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	21	4
	During the reporting period, no structured analysis of respective risks was carried out. No respective significant risks became known via other reporting channels during the reporting period.		
Human Rights Assessment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	21	
103-2	The management approach and its components	21	
103-3	Evaluation of the management approach	21	
GRI 412: Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments		
	In 2019, there has been no human rights assessment of NORMA Group locations.		1
Local Communities			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	57	1
103-2	The management approach and its components	57	
103-3	Evaluation of the management approach	57	
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	58, 70	1

Topic-specific Standards

GRI Standards		Page	UNGC
Supplier Social Assessment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	29	2
103-2	The management approach and its components	29	
103-3	Evaluation of the management approach	29	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	30, 67	2
Public Policy			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	18	
103-2	The management approach and its components	18	
103-3	Evaluation of the management approach	19	
GRI 415: Public Policy 2016			
415-1	Political contributions		
	Donations directly or indirectly to political parties, politicians and their families or entities they hold interests in, or organizations affiliated with political parties are not permitted by NORMA Group.		
Socioeconomic Compliance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	18	
103-2	The management approach and its components	18	
103-3	Evaluation of the management approach	19	
GRI 419: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area		
	During the reporting period, NORMA Group paid no significant penalties or fines for infringements, violations or non-compliance with laws, regulations or obligations in the area of compliance and products.		

Assurance Report [GRI 102-56]

Independent practitioner's report on a limited assurance engagement on non-financial reporting¹

To NORMA Group SE, Maintal

We have performed a limited assurance engagement on the separate non-financial group report pursuant to § (Article) 315b Abs. (paragraph) 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of NORMA Group SE, Maintal, (hereinafter the "Company") for the period from January 1 to December 31, 2019 (hereinafter the "Non-financial Report").

The Non-financial Report comprises the sections marked with a vertical dotted line in the Corporate Responsibility Report of the Company for fiscal year 2019.

Responsibilities of the executive directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

Independence and quality control of the audit firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance

engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from January 1 to December 31, 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the execution of the materiality analysis
- Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- Identification of the likely risks of material misstatement of the Non-financial Report
- Analytical evaluation of selected disclosures in the Non-financial Report
- Assessment of the implementation of central management requirements, processes and specifications for data collection through on-site visits at the following sites
 - NORMA Germany GmbH, Maintal, Germany
 - NORMA POLSKA Sp. z o.o., Pilica, Poland
 - NORMA Grupa Jugoistočna Evropa d.o.o., Subotica, Serbia

¹ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report 2019 of NORMA Group SE, Maintal and issued an independent assurance report in the German language, which is authoritative. The following text is a translation of the independent assurance report.

- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the non-financial information

Assurance conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from January 1 to December 31, 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Intended use of the assurance report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt (Main), 9 March 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüfer
[German public auditor]

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Forward-looking statements

This sustainability report contains certain future-oriented statements. Future-oriented statements include all statements that do not relate to historical facts and events and contain future-oriented expressions such as "believe," "estimate," "assume," "expect," "forecast," "intend," "could" or "should" or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the Company's current assumptions, which may not in the future take place or be fulfilled as expected. The Company points out that such future-oriented statements provide no guarantee for the future and that the actual events including the financial position and profitability of NORMA Group SE and developments in the economic and regulatory fundamentals may vary substantially (particularly on the down side) from those explicitly or implicitly assumed in these statements. Even if the actual assets for NORMA Group SE, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this sustainability report, no guarantee can be given that this will continue to be the case in the future.

Note on the sustainability report

This sustainability report is also available in German. If there are differences between the two, the German version takes precedence.

Note on rounding

Please note that slight differences may arise as a result of the use of rounded amounts and percentages.

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